



PORTS CANADA
1991 ANNUAL REPORT



PORTS CANADA PROFILE

"Ports Canada" describes a federal system of ports administered pursuant to the *Canada Ports Corporation Act* which was proclaimed in 1983. Seven of these ports are autonomous local port corporations located in Halifax, Montréal, Prince Rupert, Québec, Saint John, St. John's and Vancouver. The other ports are administered on a divisional basis by the Canada Ports Corporation and are located in Belledune, Churchill, Port Colborne, Prescott, Port Saguenay/Baie des Ha! Ha!, Sept-Îles and Trois-Rivières.

Ports Canada handles nearly half of the overall Canadian port traffic. It is, therefore, an effective means for the implementation of the national ports policy. The policy provides for, at the best cost possible, and in a manner equitable to all users, the services necessary for Canada's international shipping trade at national, regional and local levels.

The system operates on a decentralized basis; each of the local port corporations functions with a high degree of autonomy in the administration of their respective port. In providing a public service, the ports are administered according to common commercial principles.

National Office of the
Canada Ports Corporation
is located in Ottawa.

*Pour recevoir ce rapport en français,
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Total traffic refers to cargo handled through terminals administered by Ports Canada, as well as traffic through private facilities within the jurisdiction of the port. In 1991, Ports Canada ports handled 181.9 million tonnes of cargo, a one percent increase over the volume reported a year earlier. Of this total, 152.9 million tonnes, or 84 percent, were handled collectively by the seven local port corporations and 29.0 million tonnes, or 16 percent, by the Canada Ports Corporation. Again this year, grain exports played a key role in the overall positive results reported. Other resource industry exports, such as coal, prospered during the year while container traffic suffered a minor setback.

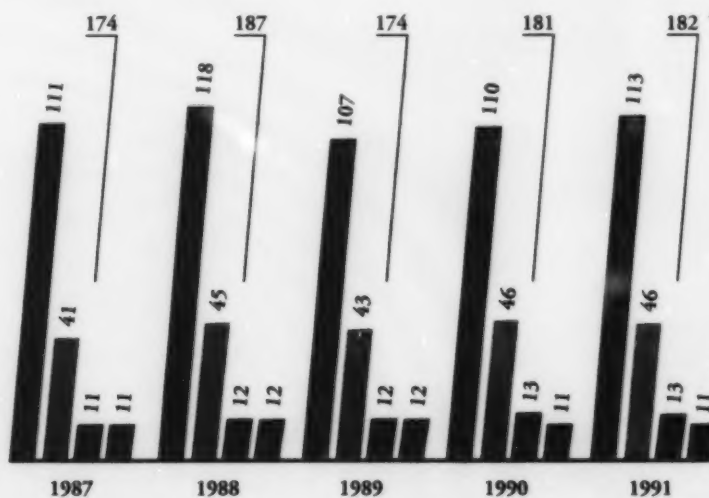
Following a trend that began earlier in the year, the ports of Vancouver, Saint John and Québec contributed significantly to the year-end totals. However, other ports in eastern Canada did not fare as well, most experiencing lower traffic volumes than in 1990. The Port of Trois-Rivières, faced with labor strife at the port, experienced a drop in traffic of 21 percent and the Port of Churchill handled only 233,000 tonnes of grain, representing about 60 percent of the volume moved a year earlier. On the positive side, the Port of Prescott had its best year in a decade handling 472,000 tonnes of cargo.

Total grain shipments handled across the Ports Canada system showed strong growth again in 1991 by reaching 30.2 million tonnes, an increase of 21 percent over the 24.9 million tonnes reported the previous year. Most major grain ports including Québec, Vancouver and Prince Rupert reported healthy gains for the year. Coal shipments improved by six percent and reached 32.3 million tonnes, up from the 30.5 million tonnes handled the previous year.

After a record-breaking year in 1990, activity in the container business was not as strong in 1991. Traffic dropped to 12.6 million tonnes from 12.9 million tonnes or 1.4 million TEUs (twenty-foot equivalent units). The Port of Halifax had a difficult year with traffic decreasing by 22 percent from 1990. By comparison, the Port of Vancouver had a record-breaking year in 1991 handling 3.3 million tonnes of container cargo, an increase of 21 percent over the previous year. The Port of Montréal, Canada's premier container port, maintained its edge in this highly-competitive market. In total, 5.8 million tonnes of containerized traffic were handled in 1991, a new level for the port and slightly ahead of 1990. Following a number of record years at the Port of St. John's, containerized traffic was down by 16 percent in 1991 to 338,000 tonnes.

After several years of decline, non-containerized general cargo rebounded slightly to 11.2 million tonnes, an increase of one percent.

Five Year Review of Traffic
T(million)



- Dry bulk
- Liquid bulk
- Containerized
- Non-containerized

*excludes Ridley Terminals Inc.



Revenues from operations for Ports Canada reached the record level of \$200 million in 1991. The \$20 million improvement was primarily attributed to the entry of Ridley Terminals Inc. (RTI) into the Ports Canada family, as well as higher traffic levels noted by several ports. On July 30, 1991, RTI became a wholly-owned subsidiary of the Canada Ports Corporation as a result of the purchase of the remaining shares. The share purchase was financed by Canada. Accordingly, RTI's financial results from the date of acquisition are included with those of Ports Canada. While the impact of RTI's results is significant for 1991, increases in the volume of grain and coal handled elsewhere in the Ports Canada system also contributed to the higher level of revenues.

Operating expenses of \$169 million include those of RTI for the last five months of 1991, in addition to an increase of approximately five percent elsewhere across the Ports Canada system. Operating income of \$31 million was recorded for 1991 while funds from operations, being operating income before depreciation, were \$64 million. Other income, which was primarily investment income, amounted to \$20 million in 1991. Funds generated by operations and investments are the major source of financing to enable the ports to build the required facilities to face the challenges of the 1990s.

Ports Canada recorded a net loss of \$213 million in 1991, which reflects a net income of \$43 million and the

recording of a loss of \$256 million on the acquisition of RTI by the Canada Ports Corporation. In becoming the sole shareholder of RTI, the Canada Ports Corporation assumed RTI's net liabilities of \$198 million. Accordingly, the \$58 million share investment by the Canada Ports Corporation and the net liabilities assumed have been recorded as a loss on the acquisition of RTI. In 1991, Ports Canada declared and paid dividends of \$13 million based on the 1990 financial results.

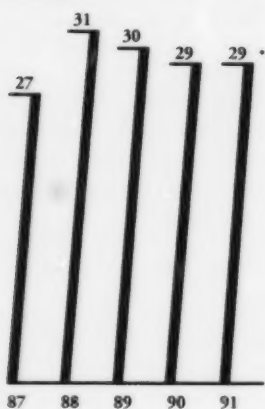
Canada invested in 1991 an additional \$10 million in the Interport Loan Fund (the Fund). The Fund, which is administered by the Canada Ports Corporation, provides an alternative source of financing for financially viable capital projects of the Ports Canada system. Borrowings from the Fund in 1991 included fund transfers used for the construction of a coal terminal at the Port of Belledune, and handling and storage facilities as part of the Alouette project at the Port of Sept-Îles.

During the year, the Ports Canada system invested \$95 million in capital improvements. Of this amount, \$41 million were provided by internally generated funds and \$21 million by borrowings from the Fund. Further expansion and upgrading of port facilities at Sept-Îles, Belledune, Saint John, Vancouver and Montréal comprised the major capital investments in 1991. Capital grants of \$33 million received from Canada were primarily for the Alouette project at the Port of Sept-Îles.

	1991*	1990	1989	1988	1987
	<i>(in millions except for average number of employees and ratios)</i>				
Financial results					
Revenue from operations	\$ 199.9	\$ 179.9	\$ 169.9	\$ 169.5	\$ 169.9
Operating expenses	169.4	155.0	147.5	140.9	140.0
Operating income	30.5	24.9	22.3	28.6	29.9
Other income	20.3	29.7	28.9	24.8	19.9
Interest expense	14.1	4.7	4.0	3.9	3.9
Net income (loss)	(213.4)	50.1	48.7	62.9	46.1
Cash provided by operating activities	49.2	102.7	59.1	96.2	69.3
Financial position at year end					
Working capital	\$ 109.6	\$ 104.6	\$ 179.7	\$ 183.0	\$ 148.6
Fixed assets — at cost	1,262.9	1,186.3	1,124.2	1,056.9	1,015.4
Total assets	1,074.9	1,022.4	1,004.5	960.4	895.5
Equity of Canada	588.7	756.3	817.9	785.5	737.4
Capital expenditures	\$ 95.0	\$ 81.3	\$ 77.6	\$ 49.7	\$ 33.8
Federal capital financing					
Grants	\$ 32.7	\$ 11.1	\$ 4.8	\$ 2.8	\$ 2.1
Loans	—	12.8	4.5	1.0	1.0
Payments to Canada					
Dividends	\$ 12.6	\$ 11.7	\$ 13.2	\$ 11.8	\$ 12.2
Cash Contributions	—	100.0	—	—	—
Employees					
Average number of employees	1,165	1,194	1,208	1,291	1,344
Ratios					
Operating revenue/tonne	\$ 1.07	\$ 1.00	\$ 0.98	\$ 0.91	\$ 0.98
Tonnes/employee	160,469	151,284	144,170	144,711	129,455
Cash from operating activities/total assets	4.6%	10.0%	6.0%	10.0%	7.7%

* Includes Ridley Terminals Inc. which became a wholly-owned subsidiary of the Canada Ports Corporation on July 30, 1991.

Total traffic
T(million)



*excludes Ridley Terminals Inc.



CANADA PORTS CORPORATION





For the Canada Ports Corporation, 1991 was a milestone year. The year was marked with measurable progress in achieving ambitious objectives that the Corporation had set for itself.

The business environment was laden with challenge. North American intermodal transportation has been

facing severe competitive pressures that have undermined Canada's ability to make significant in-roads in this segment of the industry. A combination of demographic, physical and economic factors have led to impressive performance by the US intermodal industry. To understand and overcome some of these competitive forces, Ports Canada completed an ambitious study of the subject through a comprehensive examination of the industry dynamics and tabled its long-awaited report of the Container Competitiveness Committee. It has been, particularly, gratifying to note the industry-wide dialogues that have begun by major players to address the shortcomings identified in the

report. The Corporation takes pride in having initiated these fora and hopes that this leadership role will lead to meaningful strategies aimed at enhancing Canada's competitiveness in this sector. On behalf of the Board of Directors, I extend our appreciation to all those directly involved in this task, in particular, the industry participants.

The Corporation continued its efforts to attain higher levels of delegated authority in administering its affairs. While the shareholder response to this initiative has been highly encouraging, minor administrative hurdles remain to be overcome to make this objective a reality.

Protective Services (police) remains one of the system's major strengths. Steps were taken to consolidate administration of police detachments at the Corporation's National Office to ensure efficiency and effectiveness. The Police Committee provided invaluable assistance to the Board and the Corporation. On behalf of the Board, I would like to acknowledge the services of the Committee's outgoing Chairman, Mr. B. Keple.

Significant strides were made in the field of electronic data interchange. The successful launch of pilot projects at the ports of Halifax, Montréal and Vancouver attests to the catalyst role the Corporation has continued to play in this field under the leadership of Dr. J. Balkwill.

The formation of the Intermodal Transportation Electronic Commerce Committee in the latter part of the year was a further step in that direction.

The appointments of, respectively, the Honourable Jean Corbeil as the Minister of Transport and the Honourable Shirley Martin as the Minister of State (Transport) were welcome by the Board of Directors. Both ministers' keen interest in the Corporation's affairs has been heartening and a major source of motivation for the Ports Canada system. Both the industry and Ports Canada count on the understanding of the government to be able to tackle the challenges that lie ahead.

The Chairman of the Board since 1984, the Honourable A. R. Huntington, retired in November. On behalf of the Board, I extend the Corporation's best wishes to Mr. Huntington and his family for a happy retirement filled with good health.

Challenges abound for the Corporation. Capitalizing on the strength of its people and the industry, and with the support of the shareholder, particularly the Ministers of Transport, the Corporation is confident in being able to meet these challenges successfully. I would like to acknowledge the sense of duty and dedication of my fellow Directors, and extend the Board's sincere appreciation to the President and Chief Executive Officer, Mr. J. M. Tessier, and his management team for their hard work and service to the Corporation.

Ports Canada is first and foremost a "family." It is only through the support and comradeship of all local port corporations' Boards, management, staff and labor that our collective successes were made possible.

I would be amiss not to mention our most important stakeholder, the industry, who provides the Corporation, and the port system, a reason for being.

William Marsh
Acting Chairman of the Board
December 31, 1991

Upon reflection, 1991 was a year filled with joys of accomplishment and anxieties of challenge for the Canada Ports Corporation and the Ports Canada system. The Corporation successfully completed major tasks and initiated new undertakings aimed at a better understanding of our competitive environment, on the one hand, and enhancing operational efficiency, on the other.

Nearly 80 percent of Canada's grain exports are handled at Ports Canada facilities across the nation. The fundamental shifts in the grain industry prompted the Corporation to initiate a comprehensive review of the subject. The fate of many Ports Canada facilities is tied to the movement of grain; and trends in grain transportation globally have been greatly affecting competitive forces in Canada. The Corporation is hopeful that this study will make positive contributions to the government's decision-making process in identifying equitable and lasting solutions for Canada's grain handling and transportation industry.

Divisional ports continued to be blessed with good fortunes as major projects continued at the ports of Sept-Îles and Trois-Rivières, Quebec, and Belledune, New Brunswick, while others reaped the benefits of cost control and operational efficiency improvements. On behalf of the management, I am pleased to report the encouraging performance of all divisional ports except for Churchill, Manitoba, and Port Colborne, Ontario. The operations at these latter facilities will be closely examined during the coming months with a view to identifying a viable strategy for these elevators.

After seemingly unending negotiations, Ridley Terminals Inc. (RTI) became a wholly-owned subsidiary of the Corporation effective July 30, 1991. Measurable steps were taken immediately afterward to streamline RTI's operations. The results have been very encouraging to date. Efforts in that regard will continue in the months ahead to ensure continued operational improvements and financial performance at RTI. It should be noted that the Corporation's consolidated results include the acquisition costs of RTI and the net liabilities assumed at the time of acquisition. This is due to the RTI shareholders' deficiency resulting from the write-down of the terminal facility prior to the acquisition.

In its continuing endeavor to improve the quality of its Corporate Plans, the Corporation took appropriate steps in ensuring a participatory and proactive process geared to the identification of early warning signals. Dialogue and communication with the ports and the shareholder in this regard have contributed considerably to this process. It is our hope that these steps will pay dividends

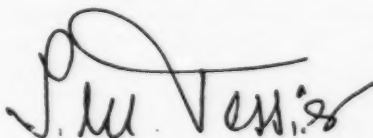
in enhanced delegation of authority for the Corporation and a streamlined project approval process.

Ports Canada remains a major institution in Canada with a significant contribution to the nation's trade objectives and economic well-being. In 1991, the system was responsible for generating over 66,000 direct and induced jobs, with a revenue impact of \$5.7 billion on the Canadian economy. As the nation faces grave challenges in 1992, we are hopeful that our national contributions will assist the government in building a stronger case for a prosperous Canada.

In the fiercely-competitive environment that ports operate today, customer service and quality set the leaders apart. Ports Canada remains committed to these attributes, as our pledge to the industry for the nineties.

Our successes would have been pale had it not been for a supportive Board of Directors, a dedicated management team and a loyal staff across the system. I extend my sincere gratitude to all. I would also like to extend my appreciation for the services of the Honourable A.R. Huntington who retired as the Chairman of the Board in 1991 and wish him success and happiness.

In accordance with my statutory obligations, it is once again a pleasure for me to inform the Corporation's Board of Directors, and the shareholder, the Government of Canada, that the Corporation made measurable progress during 1991 in achieving its objectives; and that the necessary procedures and controls are in place to ensure the safeguard of the Corporation's assets.



Jean Michel Tessier



Canada Ports Corporation is comprised of eight non-corporate ports, referred to as divisional ports and its wholly-owned subsidiary Ridley Terminals Inc. (RTI). The divisional ports are located in Belledune, New Brunswick, Port Saguenay/Baie des Ha! Ha!, Sept-Îles, Trois-Rivières, Quebec, Port Colborne, Prescott, Ontario, and Churchill, Manitoba. The tonnage information provided hereunder excludes that of RTI, which became a wholly-owned subsidiary July 30, 1991. Divisional ports play a key role in their respective local and regional economies. Local industries are dependent on facilities provided by these ports and are often the primary link in both national and international markets.

Dry bulk handled at the divisional ports includes grain, salt, various mineral ores and coal. Liquid bulk is made up primarily of petroleum products while forest products are examples of general cargo handled at some of these ports. Divisional ports are an integral part of the total Ports Canada system. While their sphere of influence is often more regional than national, the overall economic well-being of the community is clearly linked to the port.

In 1991, divisional ports handled a total of 29.0 million tonnes of cargo, a slight decrease from the 29.5 million tonnes moved in 1990. This total represents 16 percent of the 181.9 million tonnes handled by all Ports Canada ports in 1991. This share has remained fairly constant in the past few years. A significant development during the year was the decline in grain exports, by close to half a million tonnes, at the Port of Trois-Rivières. This downturn can be attributed almost entirely to the labor dispute at the port during the last quarter of the year. The Port of Churchill also experienced a large decrease in grain volumes, down by 41 percent from 393,000 tonnes in 1990, to 233,000 tonnes in 1991.

The Port of Prescott recorded its best year in a decade reaching 472,000 tonnes of cargo, up by 22 percent over 1990. The picture was less positive in Port Colborne where only 21,000 tonnes of grain were handled last year, a major decline from the 300,000 tonne levels moved in the early 1980s. At the Port of Sept-Îles, the results were almost identical in 1991 to those of 1990's. With phosphate rock volumes increasing by over 100,000 tonnes, the Port of Belledune reported a four percent increase in total tonnage in 1991, while the reverse occurred at Port Saguenay, where traffic declined four percent as a result of reduced lumber exports.

This financial overview includes the financial results of Ridley Terminals Inc. (RTI) from July 30, 1991 when it became a wholly-owned subsidiary of the Corporation. The acquisition of RTI has had a major impact on the Corporation's operating results for 1991, as well as its financial position at December 31, 1991.

Principal Operations: The principal operations of the Canada Ports Corporation are defined by the activities of the divisional ports and RTI.

Revenue from Operations: Revenue from operations of \$26.7 million includes revenue earned by RTI in the last five months of 1991, and otherwise indicates a decrease of \$1.0 million compared to 1991. The drop in revenue earned by the divisional ports is mostly attributed to the lower volume of grain handled at Churchill in 1991.

Operating Expenses: Operating expenses increased in 1991 by \$7.6 million to \$21.2 million. This increase represents RTI's operating expenses since the acquisition which amounted to \$7.3 million, and an overall increase in operating expenses of \$0.3 million or 2 percent recorded by the divisional ports.

Income from Operations: Income from operations for 1991 was \$5.5 million. This represents an improvement of \$8.6 million over the corresponding loss recorded in 1990, and reflects RTI's income from operations of \$9.9 million for the last five months of 1991.

Investment Income: Investment income of \$4.0 million for 1991 was down by 29 percent or \$1.6 million compared to one year earlier. This decline was primarily due to lower investment bases at most divisional ports as a result of a contribution of \$20.4 million to Canada's deficit reduction initiatives. Lower interest rates in 1991 were another contributing factor to the decline in investment income.

Interest Expense: Interest expense of \$9.5 million shows a sharp increase of \$9.3 million which is primarily attributable to bank interest charges incurred since the acquisition of RTI.

Loss on Acquisition of RTI: In becoming the sole shareholder of RTI, the Corporation assumed RTI's net liabilities of \$197.5 million. The Corporation's investment in shares of \$58.5 million was funded by Canada. Accordingly, the investment in shares and the net liabilities assumed have been recorded as a loss on the acquisition of RTI.

Dividend to Canada: In 1991, the Corporation paid a dividend to Canada of \$174,000.

Interport Loan Fund: In 1991, Canada invested an additional \$10.0 million in the Fund. The Fund was established by Canada in 1989 to provide financing for financially viable capital projects of the Ports Canada corporations. Borrowings from the Fund in 1991 included transfers used to finance the construction of a coal terminal at Belledune, and handling and storage facilities as part of the Alouette project at Sept-Îles.

Capital Investments: In 1991, the Corporation invested \$63.1 million in the construction of new facilities and the improvement of existing ones. While the Corporation received capital grants of \$32.4 million from Canada, primarily for the Alouette project at the Port of Sept-Îles, the balance of the capital investments was financed by borrowings and internally generated funds.

PORT OF BELLEDUNE

The Port of Belledune is located on the south shore of the *Baie des Chaleurs* in northeastern New Brunswick, about thirty-five kilometers northwest of Bathurst and fifty kilometers east of Dalhousie. The port is a bulk-handling facility leased out to Brunswick Mining and Smelting on a long-term basis. The port's single berth facility, 167 meters in length and connected to the shore by a 7.5 meter road-way, can handle ships in the 35,000-DWT (dead weight tonnes) capacity.

In 1990, construction began on a new berth to handle coal required by the thermal power plant presently being built by the New Brunswick Power Corporation. Approximately 100,000 tonnes of coal will be received during 1992; and in 1993, it is estimated that 1.2 million tonnes of coal will be unloaded at the port.

Despite labor disruptions in the first six months of the year at Brunswick Mining and Smelting, overall traffic at the port increased by four percent to 329,000 tonnes in 1991. Phosphate rock traffic jumped to 171,000 tonnes, an increase of 144 percent from the previous year. However, metallic ores dropped significantly from 122,000 tonnes in 1990 to 50,000 tonnes in 1991, while petroleum products were also down by 26 percent, from 81,000 to 60,000 tonnes, due to the labor problems experienced during the year. The port also received 19,000 tonnes of coke by rail in 1991.

Operating revenues increased by 28 percent to \$253,000 in 1991 from \$198,000 in 1990, while operating expenses increased to \$239,000 from \$170,000. Operating results indicate a profit of \$14,000 in 1991. Interest expenses in the financing of the new wharf is responsible for a net loss of \$626,000.

This year, the American Association of Port Authorities' award on environment was presented to the Canada Ports Corporation based on the environmental impact study on the Port of Belledune's new wharf project.

PORT OF CHURCHILL

The Port of Churchill, located on the western shore of Hudson Bay, continued its primary role in 1991 in exporting western Canadian grain. The re-supply of northern communities in the Keewatin region of the Northwest Territories is another important function of the port. This year marked the 62nd year grain has been shipped through the elevator.

Total port traffic decreased by 38 percent to 265,000 tonnes in 1991 from 425,000 tonnes in 1990. Eight ships moved 233,000 tonnes of wheat and barley to Brazil and Saudi Arabia, respectively. The Northern re-supply operations, consisting mainly of petroleum products, building materials, and other essential supplies, had a slight drop in traffic to 31,000 tonnes.

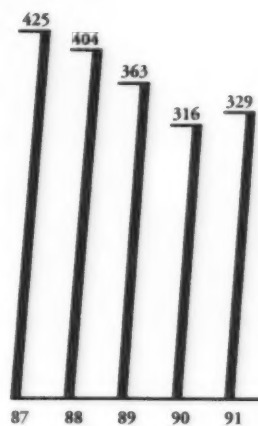
In terms of facility improvements, Phase I of the Dust Control program and a new fire alarm system were completed during the year at a cost of \$1 million. These projects were installed by port employees.

Operating revenues dropped by 34 percent from \$4.7 million in 1990 down to \$3.1 million in 1991 due to a decrease in grain throughput. Operating expenses were kept to a minimum decreasing 11 percent from \$6.6 million in 1990, to \$5.9 million in 1991. Operating results for 1991 showed a loss of \$2.8 million and a net loss of \$2.6 million.



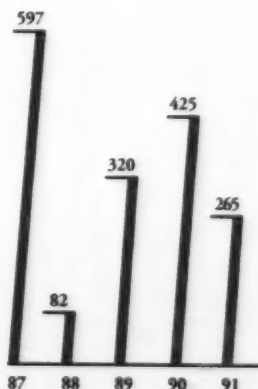
PORT OF BELLEDUNE

Total traffic
T(thousand)



PORT OF CHURCHILL

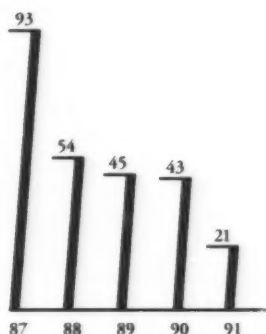
Total traffic
T(thousand)





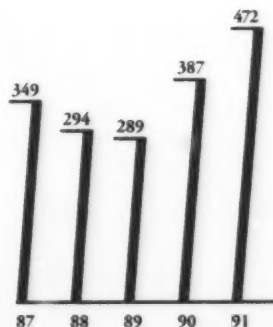
PORT COLBORNE

Total traffic
T(thousand)



PORT OF PRESCOTT

Total traffic
T(thousand)



PORT COLBORNE

Port Colborne is located at the southern end of the Welland Canal and specializes in the handling of domestic grain. In 1986, the Canada Ports Corporation leased the Port Colborne elevator to Goderich Elevators Limited, under the terms of a twenty-year agreement.

Total port traffic continued to slide in 1991. A total of 21,000 tonnes of grain were handled compared with the 43,000 tonnes recorded in 1990. This volume is a significant departure from the levels of 300,000 tonnes attained a decade earlier. A number of factors contributed to these adverse results including a poor wheat crop and the changes brought on by the abolition of the At and East rates.

Total operating revenue for the year increased slightly from \$116,000 in 1990 to \$121,000 while operating expenses declined from \$481,000 to \$441,000. Consequently, the operating loss fell by 12 percent from \$365,000 in 1990 to \$320,000. Investment income of \$371,000 provided the port with a net profit of \$51,000.

PORT OF PRESCOTT

The Port of Prescott is located 200 kilometers west of Montréal and 100 kilometers south of Ottawa on the St. Lawrence River. The port is managed cooperatively by the Canada Ports Corporation, which operates the port facility and Goderich Elevators Limited, which holds a lease on the grain elevator. The primary function of the port is the handling of grain for domestic use through its 154,000-tonne capacity elevator.

The Port of Prescott had its best year in a decade handling 472,000 tonnes of cargo, an increase of 22 percent over 1990. Water-borne grain traffic at the port increased by 25 percent to 315,000 tonnes. The 156,000 tonnes of industrial salt handled at the port is also the highest volume in a decade. This increase was due, in part, to the newly-constructed salt pad becoming operational in 1991.

Total operating revenue increased slightly from \$604,000 in 1990 to \$678,000 in 1991, while operating expenses rose by nine percent from \$1.1 million to \$1.2 million. This resulted in an operating loss of \$548,000 compared to an operating loss of \$500,000 in 1990. Investment income of \$1.2 million provided the port with a net profit of \$615,000 in 1991.

PORT SAGUENAY/ BAIE DES HA! HA!

The Port of Chicoutimi has officially changed its name to Port Saguenay.

Located at the head of the river whose name it shares, Port Saguenay plays a key role in the local economy and provides vital services to the region's resource-based industries. The primary industrial sectors in the region are pulp and paper, lumber and aluminum production. Port facilities include the Grande-Anse marine terminal, located in Ville de la Baie, and the Albert-Maltais terminal, located in Chicoutimi. Grande-Anse is a marine service terminal that handles forest products as well as dry and liquid bulk cargo. The Albert-Maltais terminal handles petroleum products for the area.

Total traffic at Port Saguenay was down by 4.1 percent in 1991 to 513,000 tonnes from the reported 535,000 tonnes handled in 1990. The decrease has been attributed to much lower volumes of gasoline, fuel oil and lumber shipments. The latter commodity fell from 136,000 to 116,000 tonnes in 1991. The port benefited from the first full year of activity at the new Servitank Inc. liquid-bulk depot which opened in late 1990.

Baie des Ha! Ha! is the location of private wharf facilities owned and operated by Alcan Aluminum Limited, and used mainly to receive raw materials for the company's own use. Total traffic at Baie des Ha! Ha! increased slightly from 4.0 to 4.1 million tonnes. More aluminum ores and concentrates were handled in 1991, up by 4.7 percent to 3.2 million tonnes, while newsprint exports almost doubled from a low of 66,000 tonnes in 1990 to a high of 120,000 tonnes. Petroleum products were down from 382,000 tonnes in 1990 to 365,000 tonnes in 1991.

Operating revenue at Port Saguenay increased by five percent in 1991 and stands at \$1.6 million. Operating income also increased by 17 percent from \$216,000 in 1990 to \$253,000 in 1991. Payments to the Government of Canada of \$2.9 million had the effect of reducing investment income. Consequently, net profit fell from \$879,000 in 1990 to \$685,000 in 1991, a decrease of 22 percent.

At Baie des Ha! Ha! total operating revenue increased from \$154,000 in 1990 to \$170,000 in 1991, a gain of 10 percent. Operating expenses declined slightly from \$84,000 to \$76,000 and this enabled the port to earn an operating profit of \$94,000, an increase of 34 percent over 1990. Net income was \$151,000, an increase of 27 percent over the sum of \$119,000 recorded in 1990.

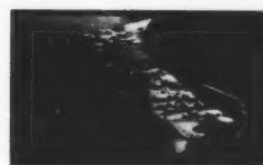
PORT OF SEPT-ÎLES

The Port of Sept-Îles is a deep-water port located on the north shore of the St. Lawrence River, 650 kilometers east of Québec City. It consists of a large natural basin with a water depth of 80 meters or more, open to year-round navigation. The port serves the mining industry of Quebec and Labrador, with iron ore accounting for over 90 percent of total traffic. Other bulk traffic includes coal and, beginning in 1992, aluminum and its various components will be handled at the port.

With total traffic at 21.9 million tonnes for the year, the Port of Sept-Îles handled close to the volume reached in 1990 of 22.0 million tonnes. Both iron ore shipments of 21.5 million tonnes and coal handling of 400,000 tonnes, remained fairly even with last year's volumes. While the general cargo figure of 41,000 tonnes is small in volume compared with other commodities handled at the port, it nevertheless is the highest level reached in a decade.

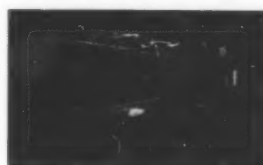
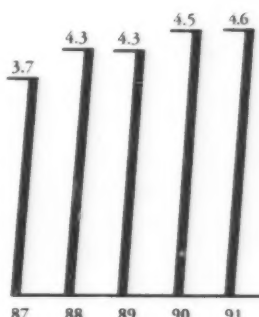
Construction of the Alouette aluminum plant continued during the year and when the plant reaches full capacity in late 1992, total port traffic will increase by approximately one million tonnes annually. The construction of the new port infrastructure (pneumatic unloading equipment, conveyors and silos) required for the plant continued in 1991 with all work proceeding on schedule. The unloading dock and rail-ferry terminal will be completed during 1992.

Operating revenue increased from \$1.5 million in 1990 to \$1.6 million in 1991 due to the increased use of port services and facilities. However, operating expenses also increased by almost 24 percent from \$1.7 million to \$2.1 million, primarily because of the requirements of the various projects that are underway. The operating loss for 1991 was \$525,000, compared with \$182,000 in 1990. Investment income declined sharply from \$448,000 in 1990 to \$375,000 in 1991. Finally, the port recorded a net loss of \$184,000, compared with a net income of \$266,000 in 1990.



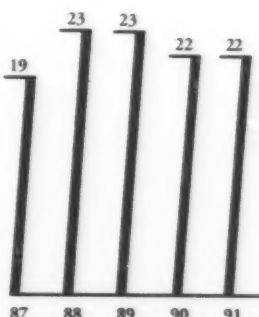
PORT SAGUENAY
BAIE DES HA! HA!

Total traffic
T(million)



PORT OF SEPT-ÎLES

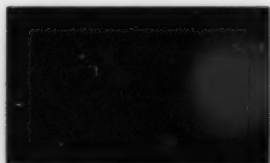
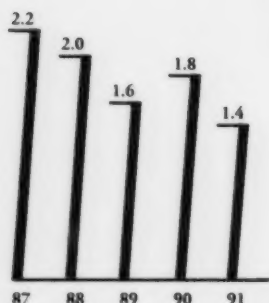
Total traffic
T(million)





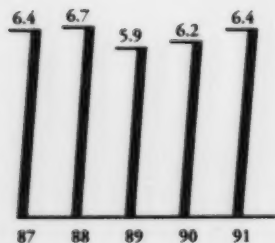
PORT OF TROIS-RIVIÈRES

Total traffic
T(million)



RIDLEY TERMINALS INC.

Total traffic
T(million)



PORT OF TROIS-RIVIÈRES

The Port of Trois-Rivières is strategically located halfway between Montréal and Québec City on the north shore of the St. Lawrence River. Exports of paper products and grain account for a major part of the total port traffic. Trois-Rivières is one of the world's largest production centres for newsprint. The port also handles a wide variety of other cargoes including petroleum products, salt and clay.

Faced with labor strife during the last three months of the year, the Port of Trois-Rivières suffered a setback in 1991 by handling 1.4 million tonnes compared with 1.8 million tonnes in 1990. Grain traffic was down by almost half, from 1.1 million tonnes to 600,000 tonnes. Other dry bulk commodities including road salt, clay and alumina fared better jumping by 33 percent while petroleum products increased from 365,000 tonnes to 388,000 tonnes in 1991, up by six percent. Comprised almost entirely of newsprint, general cargo rebounded in 1991, when 117,000 tonnes was handled compared with 56,000 tonnes the previous year. In 1991, 173 ships called at the port, down from 298 in 1990.

Last year, Aluminerie Lauralco constructed its terminal at the port for storage of alumina, calcinated petroleum and raw materials for an aluminum plant in Deschambault, Quebec. Lauralco invested \$20 million in the facility while the Port of Trois-Rivières will invest \$1.5 million to improve the wharves where the Panamax vessels will berth. When the terminal is fully operational, it will bring an additional 500,000 tonnes of cargo to the port each year.

A new tar liquefaction plant in Section 20 of the port was constructed during the year by Somavrac of Trois-Rivières. This will bring an additional 50,000 tonnes of cargo through the port.

Operating revenues showed an improvement of \$0.2 million, or 11 percent, to \$2.0 million in 1991 primarily due to the increase in paper product traffic. Operating expenses of \$2.4 million were up \$0.4 million over 1990, as a result of higher security costs and a number of repairs and maintenance projects. Thus, the operating loss for the port increased by \$0.2 million to \$0.4 million in 1991, while net income declined by half to \$0.5 million.

RIDLEY TERMINALS INC.

Ridley Terminals Inc. (RTI) is a sophisticated bulk-handling terminal for moving coal from unit trains onto ships. The terminal is located on a 55-hectare site on the northern end of Ridley Island in Prince Rupert, B.C. Bulk carriers have year-round ice-free access to a large natural harbor that is sheltered by a ring of outer islands.

The terminal has a capacity to ship approximately 12 million tonnes of coal a year. Access to the terminal from the main CN line is accomplished by means of a three-track, 2,200-meter causeway. The total capacity of the causeway and the loop tracks enable three loaded unit trains and two empty trains to be in the terminal area. Rail cars can be unloaded at a rate of 6,000 tonnes per hour and ships can be loaded with coal at a rate of 9,000 tonnes per hour.

In 1991, the Canada Ports Corporation purchased the remaining 50 percent ownership in Ridley Terminals Inc., making it a wholly-owned subsidiary of the Corporation. The acquisition cost of \$58.5 million was financed by the Government of Canada.

Coal shipments through RTI increased by 3.6 percent in 1991, reflecting steady sales of Northeast coal to the Japanese market. In total, 6.4 million tonnes moved through the facility compared with 6.2 million tonnes in 1990. The best year for the terminal was in 1985 when 7.2 million tonnes were handled.

For the five months of 1991 when RTI was wholly-owned by the Corporation, the terminal recorded revenues of \$17.2 million while its operating expenses for that period amounted to \$7.4 million. Thus, RTI's operating income stood at \$9.8 million. However, the heavy financing cost of \$8.7 million, primarily for the construction of the terminal, has substantially reduced its net income to \$1.3 million for the last five months of 1991.

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the consolidated balance sheet of Canada Ports Corporation as at December 31, 1991 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position

of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the by-laws of the Corporation.

Coopers & Lybrand

Chartered Accountants
Ottawa, Ontario
February 14, 1992

CONSOLIDATED BALANCE SHEET

As at December 31, 1991

1991 1990

in thousands of dollars

ASSETS

Current

Cash	\$ 4,547	\$ 861
Short-term investments (Note 4)	19,298	28,409
Accounts receivable	4,202	1,960
Due from Canada	187	1,036
Materials and supplies	227	293

Investments (Note 4)	28,461	32,559
Long-term receivable	18,550	18,497
Investment in Ridley Terminals Inc.	149	224
Fixed assets (Note 5)	-	1
	92,613	40,812

INTERPORT LOAN FUND — ASSETS (Note 11)	139,773	92,093
	45,419	32,064
	\$185,192	\$124,157

LIABILITIES

Current

Accounts payable and accrued liabilities (Note 6)	\$ 30,860	\$ 10,025
Due to Interport Loan Fund (Note 7)	15,561	-
Due to Canada (Note 10)	-	10,220

Accrued employee benefits	46,421	20,245
Deferred revenues	1,512	1,340
Due to Interport Loan Fund (Note 7)	70	279
Loans from Canada (Note 8)	25,162	3,745
Bank loans (Note 9)	1,126	1,226
Total liabilities	197,788	-

EQUITY (DEFICIENCY) OF CANADA	272,079	26,835
Contributed capital (Note 10)	111,672	53,198
Retained earnings (deficit)	(243,978)	12,060
	(132,306)	65,258

INTERPORT LOAN FUND — CONTRA (Note 11)	139,773	92,093
	45,419	32,064
	\$185,192	\$124,157

On behalf of the Board:

William H Marsh

William Marsh
Acting Chairman of the Board

J. M. Tessier

Jean Michel Tessier
President and Chief Executive Officer

**CONSOLIDATED
STATEMENT OF
LOSS AND DEFICIT**

For the year ended December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
Revenue from operations	\$ 26,723	\$ 10,592
Operating and administrative expenses – net	16,355	9,820
Depreciation	3,313	2,958
Municipal grants and taxes	1,547	861
	21,215	13,639
Income (loss) from operations	5,508	(3,047)
Investment income	4,041	5,616
Interest expense	(9,487)	(212)
Income before the undernoted	62	2,357
Loss on acquisition of Ridley Terminals Inc. (Note 3)	(255,926)	–
Net income (loss) for the year	(255,864)	2,357
Retained earnings at beginning of the year	12,060	9,930
Dividend to Canada	(174)	(227)
Retained earnings (deficit) at end of the year	\$ (243,978)	\$ 12,060

**CONSOLIDATED
STATEMENT OF
CHANGES IN
FINANCIAL
POSITION**

For the year ended December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
Operating Activities		
Net income (loss) for the year	\$(255,864)	\$ 2,357
Items not affecting cash		
Depreciation	3,313	2,958
Loss on acquisition of RTI	255,926	–
Deferred interest	689	106
Other	165	177
Long-term deferred revenues	(209)	279
Unamortized interest charges	(487)	–
Net change in operating components of working capital	2,763	(1,112)
Cash provided by operating activities	6,296	4,765
Financing Activities		
Capital grants	32,444	9,747
Change in due from Canada	849	(610)
Transfers from Interport Loan Fund	35,978	3,639
Repayment of loans from Canada	(93)	(87)
Repayment of bank loans	(15,250)	–
Contribution to Canada	–	(20,440)
Amount due to Canada	(10,220)	10,220
Contribution from Canada	58,474	–
Dividend paid to Canada	(174)	(227)
Cash provided by financing activities	102,008	2,242
Investing Activities		
Additions to fixed assets	(63,128)	(17,496)
Change in construction payables	2,865	6,648
Investment in RTI — net of cash acquired of \$4,993	(53,481)	–
Other	15	–
Cash required by investing activities	(113,729)	(10,848)
Decrease in cash and short-term investments	(5,425)	(3,841)
Cash and short-term investments at beginning of the year	29,270	33,111
Cash and short-term investments at end of the year	\$ 23,845	\$ 29,270

December 31, 1991

1.
CANADA PORTS
CORPORATION ACT

Canada Ports Corporation (the Corporation) was established under the *Canada Ports Corporation Act*. The Act provides for the establishment of local port corporations to manage and operate selected ports. The Corporation is named in Part II of Schedule III of the *Financial Administration Act* and is exempt from income tax.

2.
SIGNIFICANT
ACCOUNTING
POLICIES

- (a) **Consolidated Financial Statements:** The consolidated financial statements of the Corporation include the accounts of the ports and other facilities under its administration, as well as those of the Interport Loan Fund. The activities of the local port corporations are excluded from the financial statements from the date of their establishment.
- (b) **Investments:** The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.
- (c) **Fixed Assets:** Fixed assets are recorded at cost, with the exception of those transferred to the Corporation from Canada and the coal terminal facility. The assets transferred from Canada are recorded at appraised or fair market value established at the time of transfer. The coal terminal facility is recorded at acquisition value. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets.
Depreciation of fixed assets is calculated on the straight-line basis commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.
- (d) **Pension Costs:** Permanent employees of the Corporation are covered by the Public Service Superannuation Plan, which is a contributory defined-benefit pension plan administered by Canada. However, employees of Ridley Terminals Inc. (RTI), a wholly-owned subsidiary, are covered by a non-contributory defined-benefit plan.
- (e) **Municipal Grants and Taxes:** The expense for municipal grants and taxes is based on estimated municipal assessments, adjusted in accordance with the *Municipal Grants Act* where applicable. Municipal grants are finalized after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization of the grants are reflected in the accounts in the year of settlement.
- (f) **Employee Benefits:** The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees under its collective agreements, or in accordance with its policy.
- (g) **Revenue Recognition:** RTI's coal throughput revenue is recorded at 50 percent of the contracted throughput rate at the time the coal is received at the terminal. The balance is recognized at the time of ship loading. RTI's coal shippers have guaranteed delivery of an annual minimum tonnage to the terminal. Revenues resulting from any shortfall in tonnage are recognized when collected.

3.
ACQUISITION
OF RIDLEY
TERMINALS INC.

Ridley Terminals Inc. operates a coal terminal facility on Ridley Island in Prince Rupert, British Columbia and was previously owned 50 percent by the Corporation.

The Corporation purchased the remaining 50 percent ownership in RTI on July 30, 1991 and RTI became a wholly-owned subsidiary of the Corporation. The share purchase was fully financed by Canada.

The acquisition was accounted for by the purchase method, and the results of the RTI's operations from the date of acquisition are included in the consolidated statement of loss and deficit.

Net assets acquired are as follows:

	<i>in thousands of dollars</i>
Total assets	\$ 31,639
Total liabilities	229,090
	(197,451)
Purchase price	58,475
Excess of purchase price over net liabilities assumed	
— Loss on acquisition of Ridley Terminals Inc.	\$255,926

4.
INVESTMENTS

Current investments consist of \$15,420,000 (1990 - \$28,409,000) of Canada treasury bills and \$3,878,000 of other money market securities. As at December 31, 1991 and 1990, the market value of the current investments approximates their amortized cost.

Long-term investments of \$18,550,000 (1990 - \$18,497,000) are Canada bonds and as at December 31, 1991, their market value is \$22,541,000 (1990 - \$20,129,000).

5.
FIXED ASSETS

(a) Summary

	Depreciation Rates %	Cost or Appraised Value	Accumulated Depreciation	1991	1990
				<i>in thousands of dollars</i>	
				Net	Net
Land	-	\$ 4,931	\$ -	\$ 4,931	\$ 4,482
Dredging	2.5-6.7	9,489	6,664	2,825	3,150
Berthing structures	2.5-10	34,474	19,099	15,375	16,096
Buildings	2.5-10	16,416	12,651	3,765	3,986
Coal terminal facility	4	24,414	414	24,000	-
Utilities	3.3-10	2,894	1,691	1,203	1,260
Roads and surfaces	2.5-10	3,840	2,197	1,643	1,817
Machinery and equipment	5-100	20,088	17,343	2,745	3,518
Office furniture and equipment	20	3,469	2,559	910	852
Works under construction	-	35,216	-	35,216	5,651
		\$ 155,231	\$ 62,618	\$ 92,613	\$ 40,812

(b) **Capital Grants:** During the year, the Corporation received capital grants towards the construction of fixed assets totalling \$32,444,000 (1990 - \$9,747,000).

(c) **Commitments:** Contractual obligations for the completion, construction and purchase of fixed assets are estimated at \$12,156,000 of which most will be expended in the year ending December 31, 1992.

The Corporation leases the land on which the coal terminal facility is constructed from the Prince Rupert Port Corporation. The lease is for twenty-five years starting March 31, 1984, with a twenty-year renewal term beginning March 31, 2009. Lease payments are based on throughput charges per tonne which are subject to escalation provisions relating to increases in the Canadian Consumer Price Index for each year.

6.
ACCOUNTS
PAYABLE AND
ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are deferred revenues of \$1,113,000 (1990 - \$965,000) and current portion of long-term loans of \$11,075,000 (1990 - \$93,000).

7.
DUE TO INTERPORT
LOAN FUND

The Interport Loan Fund has provided long-term financing for two capital projects of ports under the administration of the Corporation. It has also provided short-term financing to the Corporation for the interim financing of RTI's operations.

	1991	1990
	<i>in thousands of dollars</i>	
a) Transfers to the Port of Belledune bearing interest at 9.14% to 11.47% and accrued interest of \$795,000, repayable in twenty blended annual instalments of principal and interest of \$1,657,000 commencing December 31, 1993 and maturing December 31, 2012.	\$12,512	\$ 3,745
b) Transfers to the Port of Sept-Îles bearing interest at 9.02% to 9.20%, repayable in twenty blended annual instalments of principal and interest of \$1,423,000 and maturing December 31, 2011.	12,900	-
c) Transfers to RTI bearing interest at 7.65% and 9.17% and accrued interest of \$311,000, repayable with interest in 1992.	15,311	-
	40,723	3,745
Less current portion	(15,561)	-
	\$25,162	\$ 3,745

Principal repayment requirements over the next five years amount to \$15,249,000 in 1992, \$505,000 in 1993, \$554,000 in 1994, \$607,000 in 1995 and \$666,000 in 1996.

8.
LOANS
FROM CANADA

	1991	1990
	<i>in thousands of dollars</i>	
Loans bearing interest at 6.44% and 9.09%, repayable in blended annual instalments of principal and interest of \$193,000 and maturing December 31, 2000.	\$ 1,226	\$ 1,319
Less current portion	(100)	(93)
	\$ 1,126	\$ 1,226

Principal repayment requirements over the next five years amount to \$100,000 in 1992, \$108,000 in 1993, \$116,000 in 1994, \$124,000 in 1995 and \$134,000 in 1996.

9.
BANK LOANS

The Corporation has two long-term financing agreements with a major Canadian bank as follows:

	1991	1990
	<i>in thousands of dollars</i>	
a) Term loan repayable in specified semi-annual instalments commencing July 31, 1991 through January 31, 2000. Interest is at the bank's prime rate, payable monthly.	\$194,013	\$ -
b) Term loan repayable in specified semi-annual instalments commencing July 31, 1991 through January 31, 1994. Interest is at the bank's prime rate plus 3/8% per annum, payable monthly.	14,750	-
	208,763	-
Less current portion	(10,975)	-
	\$197,788	\$ -

Under the loan agreements, the Corporation may utilize bankers' acceptances as all or part of the borrowing.

Loan agreement (a) is guaranteed unconditionally by Canada to a maximum of \$230 million, and a \$250 million subordinate fixed and floating charge collateral demand debenture is pledged as security. Loan agreement (b) has a \$350 million first fixed and floating charge collateral demand debenture, with the coal terminal facility and the lease from Prince Rupert Port Corporation pledged as security therefore.

Principal repayment requirements over the next five years amount to \$10,975,000 in 1992, \$24,338,000 in 1993, \$24,325,000 in 1994, \$19,950,000 in 1995 and \$24,938,000 in 1996.

10.
CONTRIBUTED
CAPITAL

In 1991, Canada contributed \$58,474,000 to the Corporation for the purchase of the remaining shares of RTI.

In 1990, Canada requested a contribution of \$100 million towards the federal deficit reduction from Canada Ports Corporation and the local port corporations. Cash payments were requested of ports identified with cash reserves exceeding their short-term capital investment needs.

The Corporation's share of the contribution was \$20.44 million which was applied against Contributed Capital.

	1991	1990
	<i>in thousands of dollars</i>	
Balance at the beginning of the year	\$ 53,198	\$ 73,638
Contribution to Canada.	-	(20,440)
Contribution from Canada.	58,474	-
Balance at end of the year	\$111,672	\$ 53,198

11.
INTERPORT
LOAN FUND

The purpose of the Interport Loan Fund is to provide financing for financially viable capital projects of the Corporation and the local port corporations. However, as directed by Canada, the Fund also transferred \$15 million in 1991 to the Corporation to provide interim financing to RTI.

The balance sheet of the Fund as at December 31 shows:

	1991	1990
	<i>in thousands of dollars</i>	
ASSETS		
Current		
Cash and investments	\$ 4,696	\$ 28,319
Transfers receivable	15,561	-
	20,257	28,319
Transfers receivable	25,162	3,745
	\$ 45,419	\$ 32,064
LIABILITIES		
Current		
Accounts payable	\$ 25	\$ -
FUND BALANCE		
Contributions from Canada	36,650	26,650
Retained earnings	8,744	5,414
	45,394	32,064
	\$ 45,419	\$ 32,064

The investments of the Fund, shown at amortized cost, are direct and guaranteed securities of Canada. As at December 31, 1991 and 1990, the market value of the investments approximates their amortized cost.

The Fund is committed to providing financing of \$45.7 million for financially viable capital projects of divisional ports and a local port corporation over the next two years. In 1991, Canada invested \$10 million in the Fund and has made a further commitment to invest up to \$40 million.

The statement of income and retained earnings of the Fund is as follows:

	1991	1990
	<i>in thousands of dollars</i>	
Interest income	\$3,430	\$3,571
Administrative expenses	100	75
Net income for the year	3,330	3,496
Retained earnings at beginning of the year	5,414	1,918
Retained earnings at end of the year	\$8,744	\$5,414

**12.
PENSION PLANS**

The annual contributions to the Public Service Superannuation Plan represent the liability of the Corporation for the contributory plan and are recognized in the accounts on a current basis.

As at December 31, 1991, the updated actuarial reports of the non-contributory plan indicate that the actuarial present value of the accrued pension benefits amounts to \$2,737,000 and the value of the pension fund assets, at market value, amounts to \$3,342,000. The pension expense for 1991 of \$132,000 is actuarially determined.

**13.
RELATED PARTY
TRANSACTIONS**

Through common ownership, the Corporation is related to all Government of Canada created departments, agencies and Crown corporations.

In accordance with the *Canada Ports Corporation Act*, operating and administrative costs incurred by the Corporation in the amount of \$7,523,000 have been recovered from the local port corporations in 1991 (1990 - \$7,177,000). These recoveries are offset against the related expenses. Operating expenses include rental costs of \$1,944,000 charged by a local port corporation. At December 31, 1991 \$4,346,000 of rental costs are included in accounts payable and accrued liabilities.

Investment income of \$3,845,000 (1990 - \$5,616,000) was earned on Government of Canada securities and interest charges of \$100,000 (1990 - \$106,000) were paid to Canada. Details of other transactions with the Government of Canada are disclosed in notes 3, 5(b), 8, 10 and 11.

**14.
ONGOING
OPERATIONS AND
ECONOMIC
DEPENDENCE**

The principal customer of RTI, Quintette Coal Limited (Quintette), sought protection from its creditors through the courts in 1990. Quintette has proposed a plan of reorganization which, among other things, would significantly reduce the revenue earned by the Corporation from Quintette. As a consequence, the ongoing operating viability of RTI is threatened.

A reorganization plan for RTI is being pursued with RTI's bankers, Canada and others. Among the issues RTI's eventual reorganization plan must cover are the role RTI will play in the ongoing operation of the terminal facility, and the disposition of RTI's long-term debt. In order for RTI to meet its principal and interest payments as they come due, either some or all of the debts must be removed, or RTI must be funded from some source other than operations.

**15.
CONTINGENCIES**

Claims aggregating approximately \$2,239,000 in respect of lawsuits, guarantees, employee agreements, damages allegedly suffered on the Corporation's property and sundry other matters in dispute have been received by the Corporation but are not reflected in the accounts. In the opinion of the Corporation, the final outcome of such claims should not result in any material financial liability.

The Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from such claims are recorded in the accounts in the year they can be reasonably estimated.

Total traffic
T(million)



HALIFAX PORT CORPORATION



JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD
AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



We are pleased to report on the Corporation's operating results for 1991, a year in which ports around the world faced extreme competition, particularly for containerized cargoes.

During the previous five years, the port had experienced a doubling of its container volume, during a period in

which competition among ports was intensifying. In 1991, the port faced a downward adjustment, as certain shipping lines changed itineraries and reduced port calls on the North American east coast. The continuing faster trade growth rate of the Pacific-Asian countries has definitely contributed to this shift of business to the west coast of the United States, which is serviced by very efficient double-stack container trains.

Halterm Limited, one of the port's major terminal operators, acquired its fourth gantry crane in 1991, thereby enhancing terminal productivity. In addition, the commencement of double-stack trains in 1991 advanced the

port's competitive position. These investments reflect the positive attitude taken by other port partners in the future of the Port of Halifax.

Except for its east coast container traffic market share objectives, the port was successful in achieving other objectives with respect to rail service and its grain elevator operation. This past year, an agreement was reached between the Provincial Government and Canadian National Railway which resulted in the commencement of double-stack rail service at the port. In 1991, Halifax Grain Elevator Limited renewed its lease on the Halifax Grain Elevator. This lease renewal, which signifies the operator's confidence in the grain operation, along with progress being made towards the implementation of an assured maintenance program at the facility, will ensure its long-term operating viability.

Capital expenditures in 1991 amounted to \$1.7 million, which included \$0.3 million for the completion of the Crane Rail connection between Piers "B" and "C". The remaining \$1.4 million was expended on replacement of maintenance equipment, administration building upgrade and miscellaneous plant requirements.

Over the past ten years, the port has spent \$44.4 million on capital projects. These investments will provide the port with facilities and services to support its role in ensuring that the objectives of Canada's national ports policy are fulfilled.

The North American recession, together with changes in liner itineraries, caused a reduction in total cargo volumes at the Port of Halifax. Total port cargo was 14.9 million tonnes, down by 13.9 percent from the previous record of 17.3 million tonnes set in 1990. Imports and exports of crude and refined oils totalled 8.7 million tonnes, resulting in a small decline of 3.7 percent from the 9.0 million tonnes recorded in 1990.

Containerized cargo volumes dropped in 1991 by 21.6 percent, from a total of 3.9 million tonnes in 1990, the fifth consecutive record year for the Port of Halifax, to a level of 3.1 million tonnes in 1991. The intensified competition for North Atlantic services, combined with the Far East trade being more concentrated on west coast United States ports, are primary reasons for the cargo decline.

Revenue from operations amounted to \$13.3 million in 1991, down from the \$15.0 million recorded the previous year. Total operating expenses were \$12.4 million, as compared to \$12.0 million in 1990. Income from operations fell to \$0.9 million, from \$3.1 million the previous year. Cargo declines, plus tariff adjustments were prime reasons for this change. Net income was recorded at \$1.5 million as compared to \$3.7 million in 1990. Working capital improved in 1991 to \$7.1 million, up from \$6.8 million at year's end in 1990. Short-term investments remained over the \$7.0 million level, as in the previous year.

The Port of Halifax continues to face intense competition from other North American ports. Our port partners have worked closer together over the past twelve months in an effort to ensure the port's future as a great international port of call for shipping lines around the world. As Canada faces an interesting unity challenge in 1992, the port will move ahead to aggressively pursue new opportunities.

Donald A. Parker
Chairman of the Board

David F. Bellefontaine
President and Chief Executive Officer



Donald A. Parker (left)
and David F. Bellefontaine

AUDITORS' REPORT

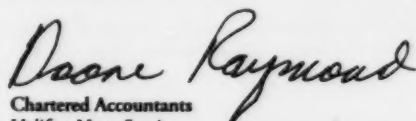
To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of Halifax Port Corporation as at December 31, 1991, and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and Regulations, the *Canada Ports Corporation Act*, and the by-laws of the Corporation.


Chartered Accountants
Halifax, Nova Scotia
January 31, 1992

BALANCE SHEET

As at December 31, 1991

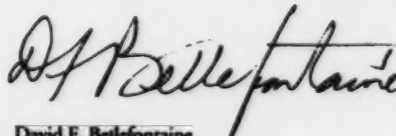
	1991	1990
ASSETS		
Current		
Cash	\$ 122,502	\$ 706,402
Investments (Note 3)	7,203,581	7,788,502
Accounts receivable	2,825,004	2,517,733
Materials and supplies	60,414	105,608
	10,211,501	11,208,245
Accounts receivable	266,188	-
Investments (Note 3)	-	33,615
Fixed (Note 4)	58,471,490	58,723,495
	\$68,949,179	\$69,965,355
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,787,198	\$ 3,157,432
Grants in lieu of municipal taxes	276,643	335,768
Deferred revenues	556,289	539,777
Current portion of long term debt	444,629	404,208
	3,064,759	4,437,185
Accrued employee benefits	784,673	701,831
Loans from Canada (Note 5)	2,269,877	2,714,506
	6,099,308	7,853,522
EQUITY		
Contributed capital	50,856,865	50,856,865
Surplus	11,993,005	11,254,968
	62,849,870	62,111,833
	\$68,949,179	\$69,965,355

Contingent liabilities (Note 6)

On behalf of the Board:



Donald A. Parker
Chairman of the Board



David F. Beilefontaine
President and Chief Executive Officer

**STATEMENT OF
INCOME AND
SURPLUS**

For the year ended December 31, 1991

	1991	1990
Revenue from operations	\$13,337,637	\$15,007,422
Operating and administrative expenses	9,433,912	8,851,002
Depreciation	2,120,741	2,104,449
Grants in lieu of municipal taxes	890,994	1,000,000
	12,445,647	11,955,451
Income from operations	891,990	3,051,971
Investment income	691,862	991,563
Interest expense	(311,871)	(348,617)
Gain on disposal of fixed assets	11,580	2,552
	391,571	645,498
Net income before extraordinary income	1,283,561	3,697,469
Extraordinary item (Note 7)	213,716	-
Net income	\$ 1,497,277	\$ 3,697,469
Surplus, beginning of year	\$11,254,968	\$ 8,581,491
Net income	1,497,277	3,697,469
Dividend to Canada	(759,240)	(1,023,992)
Surplus, end of year	\$11,993,005	\$11,254,968

**STATEMENT OF
CHANGES IN
FINANCIAL
POSITION**

For the year ended December 31, 1991

	1991	1990
Operating activities		
Net income	\$ 1,497,277	\$ 3,697,469
Depreciation	2,120,741	2,104,449
Other	112,812	34,860
Decrease in operating components of working capital	95,603	66,792
Cash provided by operating activities	3,826,433	5,903,570
Financing activities		
Increase in accounts receivable	(266,188)	-
Increase (decrease) in accounts payable	(300,526)	320,211
Loans from Canada	(404,209)	(367,462)
Dividend to Canada	(759,240)	(1,023,992)
Contributions to Canada	(1,470,000)	(1,470,000)
Cash applied to financing activities	(3,200,163)	(2,541,243)
Investing activities		
Additions to fixed assets	(1,934,696)	(2,157,980)
Proceeds on disposal of investments	34,009	-
Other	15,596	6,199
Cash applied to investing activities	(1,885,091)	(2,151,781)
Increase (decrease) in cash and short-term investments	(1,258,821)	1,210,546
Cash and short-term investments, beginning of year	8,584,904	7,374,358
Cash and short-term investments, end of year	\$ 7,326,083	\$ 8,584,904

December 31, 1991

1. In accordance with the *Canada Ports Corporation Act*, sections 6.1 and 6.2, a petition for the establishment of a local port corporation at the Port of Halifax was approved and the Halifax Port Corporation was established effective June 1, 1984.
- In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation — Port of Halifax to Halifax Port Corporation.

2.
SIGNIFICANT
ACCOUNTING
POLICIES

Investments: The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

Fixed Assets: Fixed assets are recorded at cost, except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Pension Costs: All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Grants in Lieu of Municipal Taxes: The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee Benefits: The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave, and overtime compensatory leave, which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

3.
INVESTMENTS

	1991		1990	
	Amortized Cost	Face Value	Amortized Cost	Face Value
Short term	\$7,203,581	\$7,334,200	\$7,788,532	\$8,115,100
Long term			\$ 33,615	\$ 34,270

4.
FIXED ASSETS

		1991		1990	
	Depreciation Rates	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land		\$ 24,547,627	\$ -	\$24,547,627	\$24,441,887
Dredging	2.5% - 6.7%	3,443,290	2,397,842	1,045,448	1,093,165
Berthing structures	2.5% - 10%	35,120,246	19,663,894	15,456,352	16,040,808
Buildings	2.5% - 10%	18,755,692	11,780,523	6,975,169	6,300,957
Utilities	3.3% - 10%	6,008,663	2,657,282	3,351,381	3,498,699
Roads and surfaces	2.5% - 10%	8,481,260	4,940,104	3,541,156	4,024,163
Machinery and equipment	5% - 100%	9,906,185	6,559,908	3,346,277	2,067,688
Office furniture and equipment	20%	1,270,814	1,066,921	203,893	152,334
Projects under construction		4,187	-	4,187	1,103,794
		\$107,537,984	\$49,066,474	\$58,471,490	\$58,723,495

5.
LOANS
FROM CANADA

	1991	1990
10% loan maturing on December 31, 1996, repayable in blended annual principal and interest payments of \$716,080	\$2,714,506	\$3,118,714
Less current portion repayable within one year	444,629	404,208
	\$2,269,877	\$2,714,506

The loans from Canada are unsecured.

**6.
CONTINGENT
LIABILITIES**

The Corporation has been named as one of the defendants in a lawsuit for damages for which the plaintiff has not quantified an amount. In the opinion of management, this claim is without merit and therefore no provision has been made in the accounts.

**7.
EXTRAORDINARY
ITEM**

During 1991, the Corporation sold a water lot. This resulted in a net gain on disposal of \$213,716.

**BOARD OF
DIRECTORS**

Donald A. Parker *
Chairman
Businessman
Dartmouth, N.S.

Paul M. Murphy, Q.C. *
Vice-Chairman
Partner - Patterson Kitz
Halifax, N.S.

Florence R. Irwin **
Partner
Canadian Annuity Quotations and
Insurance Services Ltd.
Bedford, N.S.

Michael J. Proude
President - Local 269
International Longshoremen's Association
Dartmouth, N.S.

Lois A. Glibbery **
Property Marketing Specialist
Royal LePage Real Estate Services Ltd.
Dartmouth, N.S.

Harald A. Norve *
President
H.A. Norve & Associates Ltd.
Halifax, N.S.

Captain Ernest A. Coates **
Retired Marine Superintendent
Esso Petroleum Canada
Dartmouth, N.S.

* Executive Committee

** Audit Committee

**OFFICERS OF
THE CORPORATION**

Donald A. Parker
Chairman

Paul M. Murphy, Q.C.
Vice-Chairman

David F. Bellefontaine
Port Manager,
President and Chief Executive Officer

Lorraine E. Brenton
Corporate Secretary

Claude L. Ball
Senior Vice-President and Chief Operating Officer

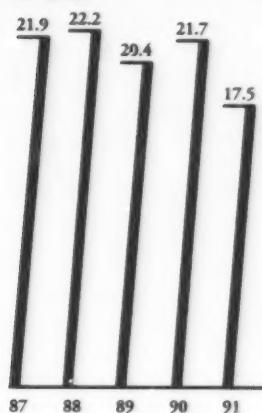
Richard T. Pentland
Vice-President
Engineering and Works

Dennis W. Creamer
Vice-President
Finance and Real Property

Robert A. Kaye
Vice-President
Marketing

Peter J. MacKeigan
Chief Legal Officer

Total traffic
T(million)



MONTREAL PORT CORPORATION



JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD
AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



The Port of Montréal's operating results for 1991 show that while the recession led to a marked decrease in total traffic, the port still managed to increase its share of the highly-competitive containerized cargo market, setting a record in this sector.



André Gingras (left)
and Dominic J. Taddeo

The total volume of traffic handled at the port in 1991 was 17.5 million metric tonnes, a decrease of 19.7 percent compared with the previous year. Traffic in the containerized and non-containerized general cargo sector reached an all-time high seven million tonnes in 1991, up 2.3 percent compared with 1990. Containerized cargo increased slightly to total a record 5.8 million tonnes, quite an accomplishment considering the context of the economic recession and fierce competition. Overall, a record number 575,554 TEUs were handled.

One of the highlights for the Port of Montréal in 1991 was the decision by two major container shipping lines, Atlantic Container Line and Hapag-Lloyd, to begin serving Canadian markets out of Montréal by slot-chartering space on the St. Lawrence Co-ordinated Service operated jointly by Canada Maritime and OOCL. Europe Canada Line, a new North Atlantic ship operator, also introduced a container service through Montréal.

For the second consecutive year, the Port of Montréal succeeded in increasing its share of the containerized general cargo market. While our traffic increased, that of ports on the North American seaboard, on the whole, decreased. This fact alone speaks volumes for the competitive strength of the "Port of Montréal system" which groups together all those involved in port activity in Montréal.

We are proud to reaffirm that now, more than ever, the Port of Montréal is Canada's number one container port and a leader on the North Atlantic. Non-containerized general cargo traffic totalled 1.2 million tonnes in 1991, up 12.3 percent compared with the previous year.

Petroleum products traffic was hit hardest by the recession and totalled 4.5 million tonnes, a decrease of 36.8 percent compared with 1990. Grain traffic totalled 2.4 million tonnes, a decrease of 11.9 percent which was mainly attributable to a drop in domestic grain movements. Grain exports through the port, however, remained stable.

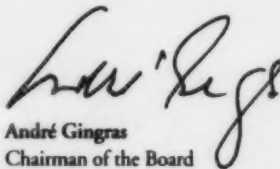
Following petroleum products, the recession hit other dry and liquid bulk the hardest in 1991. Traffic totalled 3.6 million tonnes, a decrease of 29.7 percent due to the poor demand for many dry bulk commodities. It was the lowest result in this sector since the last recession. Also worth mention is the fact that the Port of Montréal welcomed more than 46,000 cruise ship passengers in 1991, up from 30,000 the previous year.

In 1991, revenue from operations totalled \$53.6 million and net income from operations was \$1.2 million. Net income amounted to \$8.1 million including net investment income of \$4.6 million and an unusual item of \$2.3 million representing an adjustment of grants in lieu of municipal taxes.

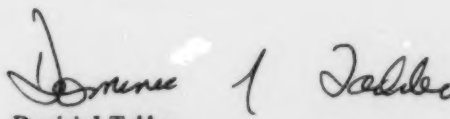
We are pleased to inform the shareholder that despite the difficult recession, the Corporation succeeded in meeting its main objectives. While income from operations was less than expected, the Corporation succeeded in limiting its operating and administrative costs, which increased by only less than one per cent, as well as maintaining its financial self-sufficiency by registering a net profit from operations, offering its clients efficient services at competitive prices, and even increasing its share of the containerized cargo market.

It is difficult to predict when the economic recovery will begin to stimulate maritime traffic. Nevertheless, in reviewing the different sectors of port activity, we can expect a slight improvement in 1992. In the containerized cargo market, we believe the Port of Montréal will do as well, as if not again better than its competitors on the North American eastern seaboard.

Our conviction is based on the port's numerous advantages upon which our shipping lines also base their commitment to provide fast, reliable and competitive services all year long through Montréal. We would like to take this opportunity to thank all of those involved in port activity — on water or land — for their continuing efforts.



André Gingras
Chairman of the Board



Dominic J. Taddeo
President and Chief Executive Officer

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of Montréal Port Corporation as at December 31, 1991 and the statements of earnings, retained earnings, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Furthermore, in our opinion, the transactions of the Corporation that have come under our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, and with the charter and by-laws of the Corporation.

Samson Bélair

Deloitte & Touche

Chartered Accountants
Montréal, Quebec
February 7, 1992

BALANCE SHEET

As at December 31, 1991

CURRENT ASSETS

	1991	1990
	<i>in thousands of dollars</i>	
Cash	\$ 310	\$ 252
Investments (Note 3)	12,702	16,222
Accounts receivable	9,870	11,365
Materials and supplies	893	929
	23,775	28,768
Investments in a business held for resale (Note 4)	3,536	3,598
Long-term investments (Note 3)	27,177	32,927
Fixed assets (Note 5)	162,085	165,327
Other assets	1,779	575
	\$218,322	\$231,195

CURRENT LIABILITIES

Accounts payable and accrued liabilities (Note 6)	\$ 6,687	\$ 21,728
Grants in lieu of municipal taxes	778	2,970
	7,465	24,698
Accrued employee benefits	4,693	5,291
Loans from Canada (Note 7)	5,181	5,669
	17,339	35,658

EQUITY OF CANADA

Contributed capital	158,919	158,919
Retained earnings	42,064	36,618
	200,983	195,537
	\$218,322	\$231,195

Approved by the Board:

André Gingras
André Gingras
Chairman of the Board

Dominic J. Taddeo
Dominic J. Taddeo
President and Chief Executive Officer

**STATEMENT
OF EARNINGS**

For the year ended December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
Revenue from operations	\$ 53,601	\$ 55,552
Operating and administrative expenses	37,909	37,175
Depreciation	10,648	10,145
Grants in lieu of municipal taxes	3,823	4,653
	52,380	51,973
Earnings from operations	1,221	3,579
Investment income	5,009	7,609
Interest expense	(383)	(410)
	4,626	7,199
Earnings before the following item	5,847	10,778
Adjustment of grants in lieu of municipal taxes from previous years	2,294	-
Net earnings	\$ 8,141	\$ 10,778

**STATEMENT
OF RETAINED
EARNINGS**

For the year ended December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
Balance, beginning of year	\$ 36,618	\$ 27,079
Net earnings	8,141	10,778
Dividends	(2,695)	(1,239)
Balance, end of year	\$ 42,064	\$ 36,618

**STATEMENT
OF CONTRIBUTED
CAPITAL**

For the year ended December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
Balance, beginning of year	\$158,919	\$183,569
Special contribution to Canada	-	24,650
Balance, end of year	\$158,919	\$158,919

**STATEMENT
OF CHANGES IN
FINANCIAL
POSITION**

For the year ended December 31, 1991

1991

1990

in thousands of dollars

Net inflow (outflow) of cash related
to the following activities:

OPERATING

Net earnings

\$ 8,141

\$10,778

Items not affecting cash

Depreciation

10,648

10,145

Other

(364)

(461)

Changes in non-cash operating working
capital items (Note 8)

18,425

20,462

(3,286)

2,653

15,139

23,115

FINANCING

Repayment of current portion of loans from Canada

(460)

(432)

Increase (decrease) in accrued employee benefits

(598)

85

Dividends paid

(2,695)

(1,239)

Special contribution to Canada

(12,325)

(12,325)

(16,078)

(13,911)

INVESTING

Decrease (increase) in investments in a business
held for resale

62

(3,598)

Decrease in long-term investments

5,750

6,822

Acquisition of fixed assets (net)

(7,012)

(18,022)

Decrease in deposits on land sold

-

(355)

Acquisition of other assets (net)

(1,323)

-

(2,523)

(15,153)

Net cash outflow

(3,462)

(5,949)

Cash position, beginning of year

16,474

22,423

Cash position, end of year

\$13,012

\$16,474

Represented by:

Cash

\$ 310

\$ 252

Short-term investments

12,702

16,222

\$13,012

\$16,474

December 31, 1991

**1.
DESCRIPTION
OF BUSINESS**

The Montréal Port Corporation (the Corporation) was incorporated by letters patent in accordance with subsection 6.2(1) of the *Canada Ports Corporation Act* on July 1, 1983.

Under Section 6.5 of the same Act, on the establishment of a local port corporation, all rights, obligations and liabilities of the Canada Ports Corporation in relation to that harbour shall become rights, obligations and liabilities of the local port corporation and the administration of all such property and works within the limits of that harbour administered by the Board shall be deemed to have been transferred to the local port corporation, in this case the Corporation.

**2.
ACCOUNTING
POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Investments in a Business Held for Resale: In 1990, the Corporation, and a subsidiary created for this purpose, acquired a business operating a harbour in Contrecoeur. Since the date of acquisition, the Corporation has intended to resell the assets of this business, other than the land, which are held by the subsidiary. In accordance with generally accepted accounting principles, the Corporation does not include its investment in the subsidiary in the consolidation. As a result, the investment is presented at cost and estimated net realizable value.

Investments: Investments are shown at amortized cost, with premiums or discounts amortized over their periods to maturity.

Materials and Supplies: Materials and supplies are valued at the lower of cost and replacement cost. Cost is determined substantially on an average cost basis.

Fixed Assets: Fixed assets are recorded at original cost with related accumulated depreciation transferred from Canada Ports Corporation; subsequent acquisitions are recorded at cost.

Depreciation is calculated according to the straight-line method for the full year, commencing in the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Pension Costs: All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

Grants in Lieu of Municipal Taxes: Grants in lieu of municipal taxes are based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee Benefits: The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave, sick leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements or in accordance with Corporation policy.

**3.
INVESTMENTS**

Funds are invested in direct and guaranteed securities of Canada. As at December 31, 1991, the market value of the short-term investments is equivalent to their amortized cost, and the market value of long-term investments is \$32,645,919 (\$35,135,092 in 1990).

4.		1991	1990
INVESTMENTS IN A BUSINESS HELD FOR RESALE		<i>in thousands of dollars</i>	
	Common shares	\$ 1	\$ 1
	Advances, without terms of repayment	3,535	3,597
		\$ 3,536	\$ 3,598

5.

FIXED ASSETS

			1991	1990
			in thousands of dollars	
	Depreciation Rates	Cost	Accumulated Depreciation	Net Book Value
				Net Book Value
Land	-	\$ 38,585	\$ -	\$ 38,585
Dredging	2.5%	16,178	13,221	2,957
Berthing structures	2.5%	60,125	42,097	18,028
Buildings	2.5% - 10%	70,179	34,209	35,970
Utilities	3.3% - 10%	19,394	9,244	10,150
Roads and surfaces	2.5% - 10%	63,131	22,728	40,403
Machinery and equipment	5% - 20%	58,443	43,898	14,545
Office furniture and equipment	20%	4,181	2,769	1,412
		330,216	168,166	162,050
Projects under construction		5	-	5
		\$330,221	\$168,166	\$162,055

	</			

6.		1991	1990
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		<i>in thousands of dollars</i>	
	Special contribution to Canada	\$ -	\$ 12,325
	Current portion of loans from Canada	488	460
	Deferred revenue	523	828
	Other	5,676	8,115
		\$ 6,687	\$ 21,728

7.		1991	1990			
LOANS						
FROM CANADA						
		<i>in thousands of dollars</i>				
	Loans, 6.25%, payable to 2000 in annual installments of \$842,561 including interest	\$ 5,669	\$ 6,129			
	Current portion	488	460			
		\$ 5,181	\$ 5,669			
	Principal repayment requirements over the next five years amount to:					
		1992	1993	1994	1995	1996
		\$488,249	\$518,765	\$551,187	\$585,636	\$ 622,238

8.		1991	1990
CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS		<i>in thousands of dollars</i>	
	Accounts receivable	\$ 1,614	\$ (766)
	Materials and supplies	36	11
	Accounts payable and accrued liabilities	(2,744)	1,258
	Grants in lieu of municipal taxes	(2,192)	2,150
		\$ (3,286)	\$ 2,653

9. CONTINGENCIES	Claims aggregating approximately \$2,500,000 in respect of lawsuits, guarantees and damages allegedly suffered on the Corporation property and sundry legal matters in dispute have been made against the Corporation but are not reflected in the accounts. In the opinion of the Corporation, its position is defensible and the final outcome of such claims should not result in any material loss.
10. COMMITMENTS	a) Contractual obligations for the completion, construction and purchase of property, plant and equipment are estimated at \$160,000. b) In accordance with a Canada policy concerning payment of dividends, the Corporation would be required to pay a dividend, in respect of the 1991 fiscal year, based on a method of calculation using net earnings. This dividend, payable before March 31, 1992, would amount to approximately \$1,500,000 and would be applied against retained earnings.
11. RELATED PARTY TRANSACTIONS	In the ordinary course of business, the Corporation enters into transactions with related parties, including the business held for resale, Canada and its agencies and other Crown corporations. The Corporation derives revenue from related parties principally from grain warehousing, switching charges and rental income and management fees. The expenses paid to related parties are principally administration fees.
12. COMPARATIVE FIGURES	Certain comparative figures have been reclassified to conform to the current year's presentation.

**BOARD OF
DIRECTORS**

André Gingras *
Chairman
Chairman of the Board
André Gingras & associés Inc.
Westmount, Que.

Bernard J. Finestone *
Vice-Chairman
President
Finestone & Sons Ltd.
Westmount, Que.

Roger Bishop
Longshoremen's Union
CUPE/Local 375
Brossard, Que.

Suzanne Brochu
Communications Officer
Caisse de dépôt et placement du Québec
Montréal, Que.

Raphaël Esposito *
Notary
Esposito & associés
Montréal, Que.

Réjean Gagné
President
Famcorp Inc.
Montréal, Que.

Hubert F. Pichet
Lawyer
Deveau, Lavoie & associés
Laval, Que.

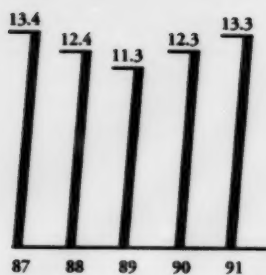
* Executive Committee

**OFFICERS OF
THE CORPORATION**

André Gingras
Chairman
Dominic J. Taddeo
President and Chief Executive Officer
Roger Dubé
Vice-President, Administration
Normand Fillion
Vice-President, Marketing

Michel L. Lesage
Vice-President, Operations
Jean Mongeau
Corporate Secretary
Sylvie Vachon
Director of Human Resources

Total traffic
T(million)



PRINCE RUPERT PORT CORPORATION





The Prince Rupert Port Corporation is pleased to report activities and results for the 1991 fiscal year.

During 1991, the port has continued to focus on strategic issues which affect the future development and utilization of its facilities. The port has also continued its

intensive marketing program to ensure that all possible business opportunities are explored. To enhance this initiative, the Corporation has been working closely with officials from CN Rail, the port's terminal operator, and the City of Prince Rupert in an attempt to diversify its cargo and optimize use of port facilities.

As a result of these efforts, the port was able to secure a contract for the shipment of copper concentrate through its facilities at Fairview Terminal. In addition to this contract, the port has continued to explore other cargo opportunities for the future development and utilization of its facilities.

Another important initiative taken during the year was the Corporation's active involvement in ensuring continued passenger transportation between Alaska and northern British Columbia. The port is working closely with the City of Prince Rupert to bring the property and operation under local ownership and control. With this initiative, we expect to be able to facilitate an enhanced operation to serve Prince Rupert for an extensive period of time.

Total throughput at the Port of Prince Rupert in 1991 totalled 13.3 million tonnes, which is an eight percent increase over the 1990 results. The port's near record throughput (the highest was 13.4 million tonnes in 1987) can be attributed largely to the continued strength of grain shipments through the Prince Rupert Grain Terminal located on Ridley Island. Grain shipments through the facility for calendar year 1991 were 5.13 million tonnes, reflecting an increase of 17 percent over the corresponding period in 1990. Coal shipments through Ridley Terminals Inc. facility on Ridley Island experienced a modest increase of four percent during 1991. Despite the forest industry's continued depressed markets, export shipments of woodpulp from Skeena Cellulose facility on Watson Island remained stable for the year.

Traffic at the port owned Fairview Terminal has continued to suffer as a result of economic conditions. Lumber shipments through the terminal decreased by

18 percent to approximately 480,000 tonnes. However, on the brighter side, shipments of ore concentrate via Fairview Terminal showed a dramatic increase of over 82 percent in 1991. This increase reflects the Corporation's successful attempt in attracting new concentrate shippers during the year.

The number of ferry passengers through the port increased in 1991 from 1990's figure of 177,731 to 233,633. This includes ferry passengers travelling to Alaska on the Alaska Marine Highways Ferry and passengers within British Columbia travelling between Port Hardy on Vancouver Island and the northern terminus of Prince Rupert.

The Port of Prince Rupert is pleased to announce its 1991 financial results. Operating revenues show a four percent increase to \$14.8 million. Operating income was \$2.5 million, down from \$2.8 million in 1990. Net income was \$1.3 million, which was down 35 percent from 1990's total of \$2.0 million.

In accordance with our statutory obligation, it is a pleasure for us to inform the Board of Directors, and the shareholder, that the Corporation made considerable progress in achieving its objectives, and that necessary procedures and controls are in place to ensure the safeguard of the Corporation's assets.

In conclusion, the port would like to thank everyone involved in waterfront activity in Prince Rupert for their effort and dedication during 1991. We are confident that the challenges of the upcoming year will be met with this continued effort and involvement from local authorities and the shipping industry. With the ongoing support and commitment of the City of Prince Rupert, the port will continue to expand and develop in order to meet the needs of its new and existing customers.

Donald H. Seidel
Chairman of the Board

Donald H. Krusel
General Manager and Chief Executive Officer

Donald H. Seidel (left)
and Donald H. Krusel

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of Prince Rupert Port Corporation as at December 31, 1991 and the statements of earnings and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and the results of its opera-

tions and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, and the letters patent and by-laws of the Corporation.

Peat Marwick Thorne

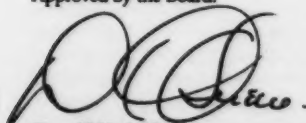
Chartered Accountants
New Westminster, B.C.
January 31, 1992

BALANCE SHEET

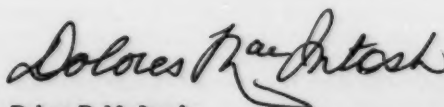
<i>As at December 31, 1991</i>	1991	1990
ASSETS		
Current assets		
Cash	\$ 152,261	\$ 254,462
Investments (note 2)	5,734,631	5,337,094
Accounts receivable (note 4)	5,191,425	2,227,574
Materials and supplies	222,003	209,615
	11,300,520	8,028,745
Property and equipment (note 3)	103,075,675	104,024,593
	\$114,376,195	\$112,053,338
LIABILITIES AND EQUITY OF CANADA		
Current liabilities		
Accounts payable and accrued liabilities	\$ 328,174	\$ 282,641
Payable to Canada (note 4)	3,545,675	2,174,570
Grants in lieu of municipal taxes	572,283	441,397
Deferred revenues	222,204	201,004
Current portion of loans from Canada	331,659	300,873
	4,999,995	3,400,485
Long-term debt		
Recoverable contribution from Canada (note 4)	48,300,000	48,300,000
Loans from Canada (note 5)	16,547,339	16,878,998
	64,847,339	65,178,998
Equity of Canada		
Contributed surplus	31,311,806	31,311,805
Surplus	13,217,056	12,162,050
	44,528,861	43,473,855
	\$114,376,195	\$112,053,338

Commitments (note 6)
See accompanying notes to financial statements.

Approved by the Board:



Donald H. Seidel
Chairman of the Board



Dolores D. MacIntosh
Vice-Chairman of the Board

**STATEMENT OF
EARNINGS
AND SURPLUS**

For the year ended December 31, 1991

	1991	1990
Revenue from operations	\$14,752,698	\$14,195,949
Expenses		
Operating and administrative	9,338,810	9,272,992
Depreciation	2,389,763	1,652,365
Grants in lieu of municipal taxes	582,910	439,826
	12,311,483	11,365,183
Earnings from operations	2,441,215	2,830,766
Other earnings (expense)		
Interest income	623,206	1,000,973
Gain (loss) on disposal of property and equipment	1,025	(283,573)
Interest expense	(1,782,410)	(1,554,732)
	(1,158,179)	(837,332)
Net earnings	1,303,036	1,993,434
Surplus, beginning of year	12,162,050	11,142,677
	13,465,086	13,136,111
Dividend to Canada	248,030	974,061
Surplus, end of year	\$13,217,056	\$12,162,050

See accompanying notes to financial statements.

**STATEMENT OF
CHANGES IN
FINANCIAL POSITION**

For the year ended December 31, 1991

	1991	1990
Cash provided by (used in):		
Operations		
Net earnings	\$1,303,036	\$ 1,993,434
Items not involving cash		
Depreciation	2,389,763	1,652,365
Loss (gain) on disposal of property and equipment	(1,025)	283,573
Changes in non-cash operating working capital		
Accounts receivable	(2,963,851)	(902,284)
Materials and supplies	(12,388)	(98,836)
Accounts payable and accrued liabilities	45,534	(3,034,371)
Grants in lieu of municipal taxes	130,886	(59,477)
Deferred revenues	21,200	27,523
	913,155	(138,073)
Financing		
Increase in payable to Canada	1,371,105	309,837
Increase (decrease) in loans from Canada	(300,873)	12,679,871
Dividend to Canada	(248,030)	(974,061)
	822,202	12,015,647
Investment		
Purchase of property and equipment	(1,440,846)	(8,186,185)
Proceeds on disposal of property and equipment	1,025	-
	(1,439,821)	(8,186,185)
Increase in cash position	295,536	3,691,389
Cash position, beginning of year	5,591,556	1,900,167
Cash position, end of year	\$5,887,092	\$ 5,591,556
Cash position is defined as:		
Cash	\$152,261	\$254,462
Investments	5,734,831	5,337,094
Cash position	\$5,887,092	\$ 5,591,556

See accompanying notes to financial statements.

December 31, 1991

**LOCAL PORT
CORPORATION**

The Prince Rupert Port Corporation was established effective June 1, 1984 as a local port corporation pursuant to the *Canada Ports Corporation Act*. The Corporation is exempt from income taxes.

On June 1, 1984, all the assets and liabilities of Canada Ports Corporation relating to the Port of Prince Rupert were transferred to the Corporation at their book value as recorded by Canada Ports Corporation.

**1.
SIGNIFICANT
ACCOUNTING
POLICIES**

(a) **Investments:** The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

(b) **Property and Equipment:** Property and equipment are recorded at cost. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related property and equipment. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Dredging	5%
Berthing structures	2.5% - 10%
Buildings	5% - 10%
Roads and surfaces	3.3% - 10%
Utilities	5% - 10%
Machinery and equipment	5% - 100%
Office furniture and equipment	20% - 33.3%

(c) **Pension Costs:** All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

(d) **Grants in Lieu of Municipal Taxes:** The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

(e) **Employee Benefits:** The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years.

**2.
INVESTMENTS**

	1991	1990
Amortized cost	\$5,734,831	\$5,337,094
Market value	\$5,742,975	\$5,277,293

**3.
PROPERTY
AND EQUIPMENT**

			1991	1990
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 64,099,197	\$ -	\$ 64,099,197	\$ 64,099,197
Dredging	306,049	25,025	281,024	296,521
Berthing structures	36,316,408	5,636,706	30,679,703	31,998,971
Buildings	3,720,957	942,053	2,778,904	2,362,529
Roads and surfaces	6,759,758	3,398,513	3,361,245	3,850,601
Utilities	3,381,945	2,505,203	876,742	1,037,070
Machinery and equipment	2,382,637	1,472,166	910,471	232,122
Office furniture and equipment	349,109	260,720	88,389	147,582
	\$117,316,080	\$14,240,385	\$103,075,695	\$104,024,593

**4.
RECOVERABLE
CONTRIBUTION
FROM CANADA**

A recoverable contribution of \$50,400,000 was approved for the construction of the infrastructure for the coal terminal facility on Ridley Island. The recoverable contribution as at December 31, 1991 is \$48,300,000.

The total recoverable contribution was interest-free until April 1, 1989, thereafter it bears interest of approximately 13.9%.

Principal and interest on \$48,300,000 of the contribution are repayable in annual instalments over a 20-year period commencing April 1, 1989, contingent upon the revenues received from a direct coal throughput surcharge of \$4.92129 per tonne for 1991 (1990 - \$4.63111 per tonne), (escalating with the rate of increase in the Consumer Price Index) at a minimum throughput of 6,600,000 tonnes but not to exceed 12,000,000 tonnes per year. On April 1, 2009, it is anticipated that the unpaid balance of the contribution, if any, will be forgiven by the Government of Canada.

As the Corporation acts as an intermediary between Ridley Terminals Inc. and the Government of Canada, the surcharge revenues and interest payments are not reflected in the Corporation's statement of earnings. Rather, they are reflected on the balance sheet as accounts receivable, and payable to Canada.

As at December 31, 1991, the Corporation has recorded approximately \$3,545,675 (1990, \$2,175,000) in connection with the above surcharge.

5.		1991	1990
LOANS			
FROM CANADA	Interest-bearing loans at 9.80% to 10.40% repayable in blended annual instalments, maturing in 2010	\$16,878,998	\$17,179,871
	Less portion included in current liabilities	331,659	300,873
		\$16,547,339	\$16,878,998

Principal payment requirements over the next five years are as follows:

1992	\$ 332,000
1993	366,000
1994	403,000
1995	444,000
1996	490,000
	\$ 2,035,000

6. COMMITMENTS

The Corporation rents its premises under a long-term operating lease which expires April 30, 1994. The future rental payable to the expiry date is as follows:

1992	\$ 81,264
1993	\$ 81,264
1994	\$ 27,088

7. RELATED PARTY TRANSACTIONS

- (a) During the year, the Corporation recognized lease revenue of \$1,810,830 (1990, \$1,654,584) from Ridley Terminals Inc., a company which is a wholly-owned subsidiary of Canada Ports Corporation. At December 31, 1991, accounts receivable included \$3,942,465 (1990 - \$741,675) from Ridley Terminals Inc.
- (b) During the year, the Corporation paid \$560,668 (1990, \$534,884) to Canada Ports Corporation as its share of that Corporation's head office expense.

BOARD OF DIRECTORS

Donald H. Seidel *
Chairman
Business Manager
Prince Rupert, B.C.

Dolores D. MacIntosh *
Vice-Chairman
Property Manager
Prince Rupert, B.C.

John T. Payne */**
General Manager
Universal Stores Inc.
Prince Rupert, B.C.

John D. McNish **
Manager
Credit Bureau of Prince Rupert
Prince Rupert, B.C.

William B. Hick
Physician (Retired)
White Rock, B.C.

Ronald A. Ciccone **
Agent
Mutual Life of Canada
Prince Rupert, B.C.

Donald Brown
Lawyer
Terrace, B.C.

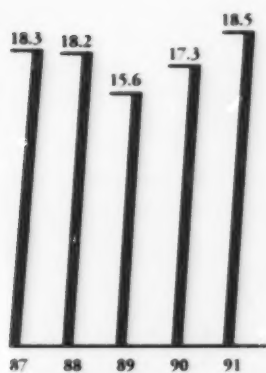
* Executive Committee
** Audit Committee

OFFICERS OF THE CORPORATION

Donald H. Seidel
Chairman
Donald H. Krusel
General Manager and Chief Executive Officer
Peter Turner
Manager, Operations/Harbour Master

David Shearer
Manager, Engineering and Maintenance
Heather McLean
Corporate Secretary

Total traffic
T (million)



PORT OF QUEBEC CORPORATION



JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD
AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



The Port of Québec Corporation is pleased to present its annual report for 1991, a year in which remarkable commercial and financial results have been achieved.

In cooperation with its private sector partners, the Corporation has again promoted the development of its deep-water competitive advantage. As part of this strategy, which is designed to ensure long-term growth in port activities in Québec, a \$13.2 million investment was announced to construct a cleaning system at the grain terminal operated by Bunge of Canada. In addition, the inauguration of a dry bulk terminal at Beauport confirms Québec's role as the main transshipment port for the Great Lakes.

Following the installation of the cleaning system, the cost of which will be shared between the Corporation and Bunge of Canada, grain can be carried by train to Québec directly from the western provinces without having to be

processed at the cleaning equipment in Thunder Bay. When the Great Lakes are closed to shipping, the Canadian Wheat Board will be able to export via the Port of Québec and thus avoid the current double-handling costs.

The bulk terminal, which was constructed at a cost of \$15 million, includes a 1,000-meter long conveyor system to facilitate transshipment operations and also to allow cargo to be transferred directly from ship-to-ship. This investment places the Port of Québec in an excellent position to attract new traffic.

1991 was a record year for the Port of Québec with 18.5 million tonnes handled, compared with 17.3 million in 1990. The port broke its record of 18.3 million tonnes of cargo set in 1987.

There was traffic growth in the grain sector, which saw an increase from 4.2 million tonnes in 1990 to 7.4 million tonnes in 1991. A good harvest in western Canada, the increase in international sales on markets served by the ports in the east and the quality of service offered by Bunge of Canada contributed to this performance. There was also a major increase of more than 40 percent in general cargo handled, 465,900 tonnes compared with 324,000 tonnes in 1990. There was also an increase in granite shipments as well as forest and dairy products. The year was also marked by the handling of an exceptional quantity of special cargoes

such as Bombardier rail cars for the Eurotunnel, tanks for the Lauralco aluminum smelter and electrical cable for Hydro Québec.

The Port of Québec also had a record year for visits by cruise ships, welcoming some 51,000 passengers in 1991 compared with 35,000 in 1990. Many ships were making their first visit, including the famous Rotterdam, Sea Princess and Crystal Harmony.

The only black spot in the picture is the handling of concentrates such as iron ore, which has been hit hard by the recession. Activity in this sector decreased from 2.3 million tonnes of concentrate transshipped at the port's docks in 1990 to 1.2 million tonnes in 1991.

Given the difficult economic situation in the first quarter of 1991, the Port of Québec Corporation has applied a series of measures designed to bring order to its finances. The results for the year includes operating revenue of \$15.7 million and net operating income of \$354,000. The Corporation's net income, including investment income, increased to \$1.5 million.

We are pleased to inform the shareholder that the necessary control measures were applied to allow the Corporation to achieve its objectives.

In 1991, there was a breath of optimism in the Port of Québec. Several businesses at the port displayed their confidence by implementing major projects. We need only mention the construction of a new chemical fertilizer terminal at Anse au Foulon by the Coopérative Fédérée de Québec and enlargement of the Intertank IMTT terminal to handle liquid bulk at Beauport.

Port management shares this confidence and we shall spare no effort to develop our assets during the coming years. We would like to congratulate the Corporation's employees and our partners in the private sector on the results achieved in 1991.

Guy Boulanger, f.c.a.
Chairman of the Board

Ross Gaudreault
President and Chief Executive Officer



Guy Boulanger (left)
and Ross Gaudreault

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of Port of Québec Corporation as at December 31, 1991 and the statements of income, contributed capital, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the

Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

We further report that, in our opinion, the transactions of the Corporation that have come to our notice in the course of our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and with the charter and by-laws of the Corporation.

Robert Marwick Thorne

Chartered Accountants
Québec, Québec
February 7, 1992

BALANCE SHEET

As at December 31, 1991	1991	1990
ASSETS		
Current Assets		
Cash	\$ 327,608	\$ 806,291
Investments (note 1)	730,555	1,909,823
Accounts receivable	5,652,836	2,505,927
Materials and supplies	153,212	153,864
	6,864,211	5,375,905
Investments (note 1)	—	6,729,236
Long-term receivable (note 2)	226,505	—
Fixed assets (note 3)	55,271,630	55,701,730
	\$62,362,346	\$67,806,871
LIABILITIES AND EQUITY OF CANADA		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,220,232	\$ 3,530,662
Contribution payable to Canada	—	5,665,000
Grants in lieu of municipal taxes	221,157	185,654
Deferred revenues	834,773	850,172
	3,276,162	10,231,488
Long-term		
Accrued employee benefits	951,000	971,700
Equity of Canada		
Contributed capital	51,852,198	51,852,198
Surplus	6,282,986	4,751,485
	58,135,184	56,603,683
	\$62,362,346	\$67,806,871
Contingencies (note 6)		
Commitments (note 7)		

On behalf of the Board:

Guy Boulanger

Guy Boulanger, f.c.a.
Chairman of the Board

Ross Gaudreault

Ross Gaudreault
President and Chief Executive Officer

STATEMENT OF INCOME	For the year ended December 31, 1991	1991	1990
Revenue from operations		\$15,693,675	\$11,460,609
Expenses			
Operating and administrative		11,235,444	10,692,721
Depreciation		3,032,452	2,173,736
Grants in lieu of municipal taxes		1,071,037	865,496
		15,338,933	13,731,953
Income (loss) from operations		354,742	(2,271,344)
Investment income		252,534	2,169,951
Net income (loss) before unusual items		607,276	(101,393)
Gain on settlement of grants in lieu of municipal taxes		-	157,211
Gain on disposal of a building		229,801	-
Gain on disposal of investments		694,424	-
		924,225	157,211
Net income		\$ 1,531,501	\$ 55,818

STATEMENT OF CONTRIBUTED CAPITAL	For the year ended December 31, 1991	1991	1990
Balance at beginning of year		\$51,852,198	\$63,182,198
Contribution to Canada		-	(11,330,000)
Balance at end of year		\$51,852,198	\$51,852,198

STATEMENT OF SURPLUS	For the year ended December 31, 1991	1991	1990
Surplus at beginning of year		\$ 4,751,485	\$ 4,775,125
Net income		1,531,501	55,818
Dividend to Canada		-	(79,458)
Surplus at end of year		\$ 6,282,986	\$ 4,751,485

STATEMENT OF CHANGES IN FINANCIAL POSITION	For the year ended December 31, 1991	1991	1990
Cash provided by (used for):			
Operations			
Net income		\$ 1,531,501	\$ 55,818
Items not affecting cash			
Amortization of discount on Canada Government bonds		-	(26,345)
Depreciation		3,032,452	2,173,736
Gain on disposal of fixed assets		(241,388)	(36,443)
Gain on disposal of investments		(694,424)	-
Write-off of projects under construction		964,307	-
Accrued employee benefits		(20,700)	81,700
		4,571,748	2,248,466
Changes in non-cash operating working capital (note 4)		(10,101,583)	6,358,148
		(5,529,835)	8,606,614
Investment			
Additions to fixed assets		(3,690,004)	(16,414,650)
Long-term receivable		(226,505)	-
Proceeds from disposal of fixed assets		364,733	65,629
Proceeds from disposal of investments		7,423,660	-
		3,871,884	(16,349,021)
Financing			
Contribution to Canada		-	(11,330,000)
Dividend to Canada		-	(79,458)
		-	(11,409,458)
Decrease in cash position		(1,657,951)	(19,151,865)
Cash position at beginning of year		2,716,114	21,867,979
Cash position at end of year		\$ 1,058,163	\$ 2,716,114
Cash position is represented by:			
Cash		\$ 327,608	\$ 806,291
Investments		730,555	1,909,823
		\$ 1,058,163	\$ 2,716,114

December 31, 1991

GENERAL

The Port of Québec Corporation was incorporated on June 1, 1984, under section 6.2(1) of the *Canada Ports Corporation Act*. The Corporation is exempt from income tax.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES**

Investments: Investments are direct securities guaranteed by Canada. They are presented at amortized cost and the premiums or discounts are amortized over the periods to maturity.

Fixed Assets: Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants received from Canada and from third parties for capital projects are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis commencing with the year the asset becomes operational, using the following annual rates:

Dredging	2.5% - 6.7%
Berthing structures	2.5% - 10%
Buildings	2.5% - 10%
Utilities	3.3% - 10%
Roads and surfaces	2.5% - 10%
Machinery and equipment	5% - 20%
Office furniture and equipment	20%

Pension Costs: All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

Insurance: The Port of Québec Corporation assumes all risks with respect to workers' compensation claims. Any costs arising from these claims are recorded in the accounts in the year, based on the invoices received or to be received from Labour Canada for the year.

Grants in Lieu of Municipal Taxes: The expense for grants in lieu of municipal taxes is estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee Benefits: The Corporation accrues in its accounts annually the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years under collective agreements, or in accordance with its policy.

**1.
INVESTMENTS**

Investments, which are direct securities guaranteed by Canada, are as follows:

	1991		1990	
	Cost	Market Value	Cost	Market Value
Current	\$ 730,555	\$ 730,555	\$ 1,909,823	\$ 1,909,588
Long-term	\$ -	\$ -	\$ 6,729,236	\$ 7,176,618

**2.
LONG-TERM
RECEIVABLE**

	1991	1990
Receivable from a company, without interest, cashable in January 1994	\$ 226,505	\$ -

**3.
FIXED ASSETS**

	1991		1990	
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 11,098,253	\$ -	\$ 11,098,253	\$ 11,098,253
Dredging	4,561,341	4,035,490	525,851	553,912
Berthing structures	23,635,959	17,943,425	5,692,534	5,673,150
Buildings	35,138,152	17,038,052	18,099,100	17,852,314
Utilities	19,282,963	3,310,253	15,972,710	1,434,263
Roads and surfaces	6,123,543	4,518,154	1,604,389	1,818,418
Machinery and equipment	830,251	439,178	391,073	437,320
Office furniture and equipment	1,624,810	910,495	714,315	930,313
Projects under construction	973,405	-	973,405	16,103,787
	\$103,468,677	\$48,197,047	\$55,271,630	\$55,701,730

4.		1991	1990
CHANGES IN			
NON-CASH	Accounts receivable	\$ (3,146,909)	\$ (630,723)
OPERATING	Materials and supplies	652	(11,826)
WORKING CAPITAL	Accounts payable and accrued liabilities	(1,310,430)	1,781,287
	Contribution payable to Canada	(5,665,000)	5,665,000
	Grants in lieu of municipal taxes	35,503	(478,346)
	Deferred revenues	(15,399)	32,756
		\$ (10,101,583)	\$6,358,148

**5.
RELATED PARTY
TRANSACTIONS**

During the year, the Corporation entered into transactions with related entities including various departments, government organizations and Crown corporations.

Principally, the Corporation earned rental revenues of \$1,059,000 in 1991 from related entities (\$878,000 in 1990). The expenses paid to related parties mainly consist in reimbursements of \$842,000 (\$803,000 in 1990) to Canada Ports Corporation as its share of the Corporation's head office expenses. The Corporation has also earned investment income of \$253,000 (\$2,170,000 in 1990) and realized a gain on disposal of investments of \$694,000 on Government of Canada securities.

The Corporation has accounts payable of \$242,000 (\$281,000 in 1990) and accounts receivable of \$149,000 (\$64,000 in 1990) with the same related parties.

**6.
CONTINGENCIES**

Claims aggregating approximately \$1,000,000 have been received by the Corporation in respect to lawsuits and various other matters in dispute. In the Corporation's view, its position is defensible and the final outcome of such claims should not result in any material loss.

In addition, claims for an estimated amount of approximately \$5,000,000 have been received by the Corporation concerning the ownership of certain lands. Any amount payable in connection with those claims will be capitalized to the cost of land.

These amounts are not recorded in the financial statements.

**7.
COMMITMENTS**

The Corporation has authorized the construction of a cleaning system for grain. Costs are estimated to \$13,200,000 and will be shared equally between the Corporation and Bunge. As at December 31, 1991, costs incurred by the Corporation amount to \$111,000.

**BOARD OF
DIRECTORS**

Guy Boulanger, f.c.a.*
Chairman
Partner
Caron Bélanger Ernst & Young
Québec, Que.

Raymond Stuart McBain*
Vice-Chairman
President
Ver-Mac Inc.
Sainte-Foy, Que.

Denise Rancourt-Bélanger
Lawyer
Lévis, Que.

Yvon Dolbec *
Chairman
Dolbec Y. Logistique Int'l Inc.
Sainte-Foy, Que.

Claude Gagné *
Sales Representative
Toshiba of Canada Ltd.
Vanier, Que.
Roméo Savard
Foreman
International Longshoremen's Association
Québec, Que.
André Sarasin
Senior Vice-President
Engineering and Development
Les produits forestiers Daishowa
Québec, Que.

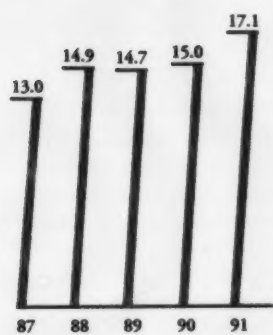
* Executive Committee

**OFFICERS OF THE
CORPORATION**

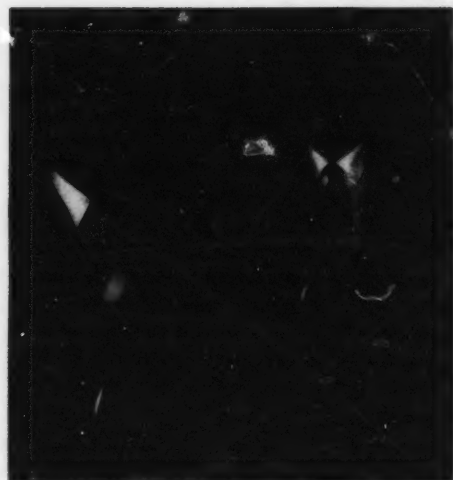
Guy Boulanger, f.c.a.
Chairman
Ross Gaudreault
President and Chief Executive Officer
Louis-Philippe Cormier
Director, Administration
Mario Bernard, C.A.
Director, Finance
Yvon Bureau
Director, Operations

Marc Dulude
Director, Marketing
Raymond Leclerc
Director, Engineering and Maintenance
André Boulet
Director, Police
Dave Johanson
Director, Promotion
Gary Q. Ouellet, Q.C.
Corporate Secretary

Total traffic
T(million)



SAINT JOHN PORT CORPORATION



Kenneth R. Krauter (left)
and Harry P. Gaunce

The Saint John Port Corporation is pleased to report on accomplishments in fulfilling the 1991 objectives of the Corporation. Financial viability of the Corporation was maintained and substantial progress was made on facilities development. An active marketing program is generating new traffic and developing diversification opportunities for the port.

The Corporation also strengthened its commitment to the environment and built upon its partnership relations with key organizations in the port and the community. Through these achievements, the Corporation made measurable progress in fulfilling its mandate and further enhancing Saint John as a major transportation centre.

Profitability of the Corporation was sustained through 1991. On revenues of \$11.3 million, the Corporation reported an operating income of \$615,000.

Interest expense of \$1.6 million on federal debt obligations was partially offset by investment income of \$1.1 million to yield a net income of \$110,000.

Capital project expenditures amounted to \$9.1 million.

Traffic through the port reached a record level of 17.1 million tonnes on the strength of significantly increased petroleum shipments of 14.1 million tonnes. Potash increased by three percent to 1.5 million tonnes and forest products through Corporation facilities also increased by three percent to 760,000 tonnes. Container traffic declined by a few percentage points to 110,000 tonnes. Salt shipments equalled the 1990 level of 171,000 tonnes. Other cargo movements declined by almost 60 percent to 134,000 tonnes due to the lack of grain, steel and petroleum coke shipments. Two shipping lines initiated service between Saint John and Africa, and cruise ships brought increasing number of passengers during the year.

The Corporation undertook one of the largest capital works projects of recent years. A 10,000 square meter transit shed was added to the forest products terminal. This \$8.1 million project also included major changes to road and rail access to the terminal and utilities improvements. Improved fender piles were provided at Rodney Container Terminal at a cost of \$360,000. Major maintenance projects including shed painting and berth face repairs totalling almost \$1 million were completed at Pugsley Terminal.

A strengthened commitment to the environment was made by the Corporation during the year. Action was taken to begin the development of a port Environment Plan which will address all aspects of the physical environment in the port area. Access to the waterfront for residents and tourists in Saint John was provided in the downtown area with the construction and opening of Pugsley Park.

One of the highlights of the year was the opportunity to host the Pulp and Paper International Transportation Symposium. This major convention brought over 600 senior executives from twenty-three countries to Saint John and provided an opportunity to showcase the pulp and paper facilities available in the port and the Saint John area. The Corporation was also pleased with the recognition received from the American Association of Port Authorities' by receiving two Awards of Excellence for a color advertisement series and promotional material.

We are most appreciative of the continued support of the many customers of the Port of Saint John. The contribution of numerous people and organizations working in the port was essential to our continued success and we recognize their efforts with our sincere gratitude. The dedication of the Corporation's employees is highly valued as well as their commitment to the fulfilment of Corporate objectives. The support throughout the year of the City of Saint John and the Province of New Brunswick is appreciated. With this broad base of commitment and support, we look forward to further achievements in the coming year.

Harry P. Gaunce
Chairman of the Board

Kenneth R. Krauter
General Manager and Chief Executive Officer

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of the Saint John Port Corporation as at December 31, 1991 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the

Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the by-laws of the Corporation.

Ernst & Young

Chartered Accountants
Saint John, New Brunswick
January 30, 1992

BALANCE SHEET

As at December 31, 1991

	1991	1990
	<i>in thousands of dollars</i>	
ASSETS		
Current		
Cash	\$ 62	\$ -
Investments (note 3)	4,016	13,386
Accounts receivable	1,300	1,182
Materials and supplies	26	28
	5,404	14,596
Long-term		
Long-term investments (note 3)	1,490	962
Fixed assets (note 4)	82,282	76,503
	83,772	77,465
Total assets	\$89,176	\$92,061
LIABILITIES AND EQUITY OF CANADA		
Current		
Bank indebtedness	\$ -	\$ 50
Accounts payable and accrued charges	1,909	1,760
Deferred revenues	331	521
Grants in lieu of municipal taxes	120	40
Due to Canada (note 5)	-	2,455
Current portion of deferred interest contribution	713	623
	3,073	5,449
Long-term		
Loans from Canada (note 6)	20,052	20,052
Financing provided by a province (note 7)	19,696	19,696
Accrued employee benefits	570	481
Deferred interest contribution (note 8)	-	708
	40,318	40,937
	43,391	46,386
Equity of Canada		
Contributed capital (note 5)	44,462	44,462
Retained earnings	1,323	1,213
	45,785	45,675
Total liabilities and equity of Canada	\$89,176	\$92,061
See accompanying notes.		

On behalf of the Board:

Harry P. Gazeau

Harry P. Gazeau
Chairman of the Board

K. R. Krauter

Kenneth R. Krauter
General Manager and Chief Executive Officer

**STATEMENT OF
INCOME
AND RETAINED
EARNINGS**

For the year ended December 31, 1991

1991 1990

in thousands of dollars

Revenues from operations	\$11,312	\$11,882
Expenses		
Operating and administrative	7,122	7,787
Grants in lieu of municipal taxes	731	587
Depreciation	2,336	2,585
Loss on disposal of fixed assets	508	745
	10,697	11,704
Income from operations	615	178
Investment income	1,102	1,668
Interest expense (note 8)	(1,607)	(1,590)
Net income	110	256
Retained earnings, beginning of year	1,213	957
Retained earnings, end of year	\$ 1,323	\$ 1,213

See accompanying notes.

**STATEMENT
OF CASH FLOWS**

For the year ended December 31, 1991

1991

1990

in thousands of dollars

Cash provided by (used in)

Operations

Net income

\$ 110

\$ 256

Add items not requiring a cash payment

Depreciation

2,336

2,585

Loss on disposal of fixed assets

508

745

Other

86

53

3,040

3,639

Net change in non-cash working capital balances (note 9)

(2,442)

911

598

4,550

Financing

Deferred interest contribution

(708)

1,331

Capital grants

500

-

Contribution to Canada

-

(4,910)

Due to Canada

-

2,455

(208)

(1,124)

Investing

Additions to fixed assets

(9,123)

(1,550)

Long-term investments

(525)

-

Proceeds on disposal of fixed assets

-

34

(9,648)

(1,516)

Increase (decrease) in cash

(9,258)

1,910

Cash position, beginning of year

13,336

11,426

Cash position, end of year

\$ 4,078

\$13,336

Cash position consists of cash, short-term investments and bank indebtedness.

See accompanying notes.

December 31, 1991

1.
CANADA PORTS
CORPORATION
ACT AND
INCORPORATION

In accordance with the *Canada Ports Corporation Act*, a petition for the establishment of a local port corporation at the Port of Saint John was approved and the Saint John Port Corporation was incorporated under the laws of Canada effective at the closing of business on December 31, 1986 and commenced operations January 1, 1987.

In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred to the Saint John Port Corporation at their carrying values in the accounts of the Canada Ports Corporation — Port of Saint John.

2.
SIGNIFICANT
ACCOUNTING
POLICIES

Investments: The investments are shown at amortized cost whereby premiums or discounts from par value are amortized over the periods to maturity.

Fixed Assets: Fixed assets are recorded at cost except for those transferred to the Corporation from Canada which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational using rates as follows:

Asset	Depreciation Rates
Dredging	2.5% - 6.7%
Berthing structures	2.5% - 10.0%
Buildings	2.5% - 10.0%
Utilities	3.3% - 10.0%
Roads and surfaces	2.5% - 10%
Machinery and equipment	5.0% - 100.0%
Office furniture and equipment	20.0%

Pension Costs: All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions represent the liability of the Corporation for pensions and are recognized in the accounts on a current basis.

Grants in Lieu of Municipal Taxes: The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee Benefits: The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave which are payable to its employees in subsequent years under its collective agreements or in accordance with its policy.

3.
INVESTMENTS

Investments are direct and guaranteed securities of Canada as follows:

	1991		1990	
	in thousands of dollars			
	Amortized Cost	Face Value	Amortized Cost	Face Value
Canada Treasury Bills	\$ 4,016	\$ 4,058	\$ 13,386	\$ 14,009
Canada Bonds	\$ 1,490	\$ 1,520	\$ 962	\$ 1,000

4.		1991	1990
FIXED ASSETS		<i>in thousands of dollars</i>	
	Cost	Accumulated Depreciation	Net Book Value
			Net Book Value
Land	\$ 30,679	\$ -	\$ 30,679
Dredging	1,967	1,536	431
Berthing structures	64,554	31,890	32,664
Buildings	11,722	5,975	5,747
Utilities	7,963	4,280	3,683
Roads and surfaces	5,335	4,607	728
Machinery and equipment	833	553	280
Office furniture and equipment	1,250	1,016	234
Work under construction	7,836	-	7,836
	\$132,139	\$ 49,857	\$ 82,282

5.		1991	1990
CONTRIBUTED CAPITAL		<i>in thousands of dollars</i>	
	Contributed capital, beginning of year	\$ 44,462	\$ 49,372
	Contribution to Canada	-	(4,910)
	Contributed capital, end of year	\$ 44,462	\$ 44,462

During 1990, the Federal Government required payment of \$4.91 million from the Corporation as a contribution toward Federal Government deficit reduction. At December 31, 1990 \$2.455 million was outstanding, and was paid early in 1991.

6.		1991	1990
LOANS FROM CANADA		<i>in thousands of dollars</i>	
	Term loans bearing interest at 11.0% to 12.43% maturing between December 31, 1998 and 2005	\$ 20,052	\$ 20,052

7.	
FINANCING PROVIDED BY A PROVINCE	The Province of New Brunswick advanced \$25,000,000 to partially finance the construction of Rodney Terminal Complex, Saint John. The Province will receive annual principal payments equal to approximately 47% of the net operating income of the terminal until the non-interest bearing advance is repaid. The cost of major repairs has been included in calculating the net operating income of the terminal and the current portion payable as at December 31, 1991 has been calculated accordingly. The Province is disputing this accounting treatment. Had net operating income not been reduced by the cost of these major repairs, the current portion payable would be approximately \$1,129,000.

8.	
DEFERRED INTEREST CONTRIBUTION	During 1990 the Federal Government advanced the Corporation \$2,000,000 to offset interest payments in 1990, 1991 and 1992 on the \$6,665,000 debt owed to the Federal Government with respect to Rodney Terminal. The original amount of the advance plus the interest earned (\$286,000) will be available to fund interest payments required over the three year period. The deferred interest credit will be absorbed on a straight line basis over the period. The funds on hand at December 31, 1991 \$713,000, are available to reduce interest expense in 1992. Interest expense for 1991 was reduced by approximately \$756,000 as a result of the application of the deferred credit.

9.		1991	1990
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES		<i>in thousands of dollars</i>	
	Decrease (increase) in current assets		
	Accounts receivable	\$ (118)	\$ 145
	Materials and supplies	2	17
		(116)	162
	Increase (decrease) in current liabilities		
	Accounts payable and accrued charges	149	650
	Deferred revenues	(190)	143
	Grants in lieu of municipal taxes	80	(44)
	Due to Canada	(2,455)	-
	Current portion of deferred interest contribution	90	-
		(2,326)	749
		\$ (2,442)	\$ 911

10.
RELATED PARTY
TRANSACTIONS

During the year the Corporation paid \$841,000 (1990 - \$803,000) to Canada Ports Corporation as its share of that Corporation's head office expense.

BOARD OF
DIRECTORS

Harry P. Gaunce *
Chairman
President
Armstrong & Bruce Insurance Limited
Saint John, N.B.

Henry Meinhardt */**
Vice-Chairman
President
Fundy Ventilation Ltd.
Saint John, N.B.

Edgar R. Cohen **
Owner
Hoffman's Limited
Saint John, N.B.

Fernand Lanteigne ***
Owner/General Manager
Les Chantiers Nord-Est Ltée
Société du câble de la Péninsule
Caraquet, N.B.

Albert Vincent ***
Councillor
City of Saint John
Saint John, N.B.

Shirley A. McAlary */**
Agent
Air Canada
Saint John, N.B.

Robert M. Scott ***
Owner
R. M. Scott Insurance Agency Ltd.
Saint John, N.B.

* Executive Committee

** Human Resources and Compensation Committee

*** Audit Committee

OFFICERS OF
THE CORPORATION

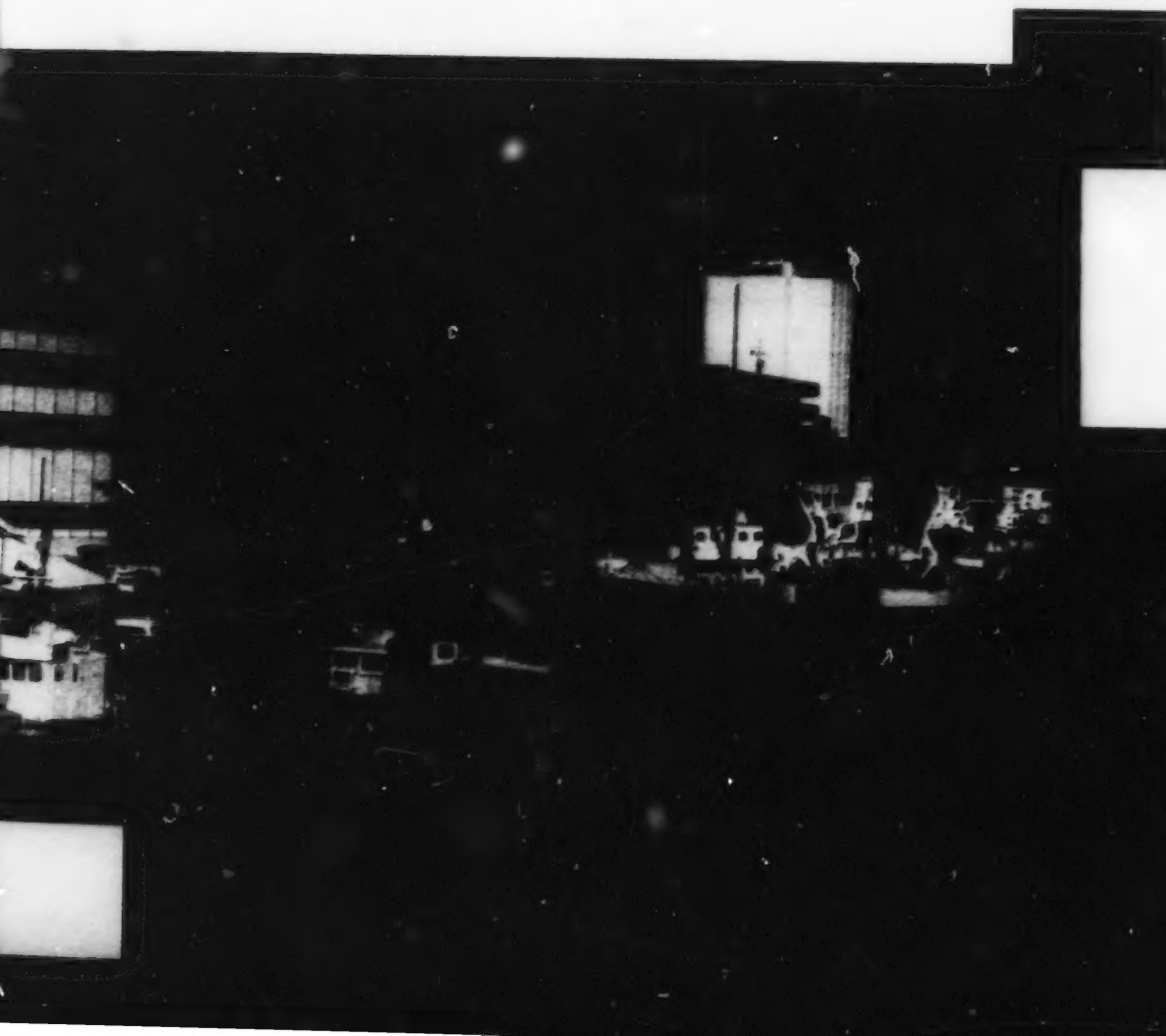
Harry P. Gaunce
Chairman
Henry Meinhardt
Vice-Chairman
Kenneth R. Krauter
General Manager and Chief Executive Officer

R. Adam McBride
Assistant General Manager
Peter D. Clark
Director, Marketing
Ardith L. Bartlett
Corporate Secretary

Total traffic
T(thousand)



ST. JOHN'S PORT CORPORATION



JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD
AND THE PORT MANAGER AND CHIEF EXECUTIVE OFFICER



Even though activity in the Port of St. John's declined in 1991, the Corporation was successful in meeting the profit objective. Net income of \$820,000 was 14 percent over budget and 11 percent over 1990 results.

Total vessel arrivals for 1991 decreased by five percent and tonnage at 947,000 tonnes was down by nine percent compared to 1990. Container tonnage was down by 16 percent, but trailer tonnage was on a par with last year, and the total number of trailers handled was up by 20 percent. The expansion of the terminal, completed in 1990, was carried out to handle additional trailer traffic and the increase in this type of traffic was a positive development. The decrease in container tonnage through the port was partly due to the state of the economy and also the result of lost tonnage to other ports, as the shipping line from Halifax to St. John's had one of its vessels recalled to carry cargo to the Gulf War.

Small vessel activity continued in 1991, but due to the many problems facing the fishing industry, fish landings by these vessels at the port were only half of the volume achieved in 1990; approximately 30 million pounds compared to 60 million pounds the previous year.

In accordance with the port's statutory obligation, we are pleased to inform the Board of Directors and the shareholder, that all necessary procedures and controls are in place to ensure the safeguard of the Corporation's assets and to achieve our Corporate objectives.

As stated in the Corporate Plan, an overall objective is to strengthen the financial position of the port while providing services to meet the needs of the business environment. 1991 was a very difficult year and staff and Directors of the Corporation were pleased that we exceeded our profit objective. Economic difficulties will continue in 1992 and business will face some very difficult challenges.

The Corporation proposed a general tariff increase to become effective January 1, 1992, but due to difficult economic conditions, this proposed increase was reconsidered and the Board subsequently approved a recommendation to postpone this action for the year 1992.

Plans were in place to construct a maintenance garage at the Container Terminal; this was placed on hold pending a decision on the use of property adjoining the

terminal. The development of a Land Use Management Plan was completed during the year and will be the guide for future port expansion.

The development of human resources was enhanced with the completion of the Human Resources Plan. This document, including updated job descriptions, should serve the requirements of the Corporation for many years. Support for staff members in upgrading and developing skills will be continued. Port marketing efforts, which are directed primarily at the local business community, are proceeding according to plan and will be continued. Plans are in place to work jointly with the City to encourage additional cruise ships to call at the port.

Reconstruction and structural improvements were carried out at Pier 17, with completion of Phase 1 of the project at a cost of \$650,000. Phase 2 of this project will be continued in 1992. Port expansion will be contingent on the requirement for facilities to service offshore supply vessels involved with Hibernia production. Discussions with parties interested in bidding on the project are ongoing and we will continue our efforts in this area as we endeavour to obtain this business for the port. We feel that location and facilities will support our efforts to obtain this traffic.

Future challenges will require initiative and innovation, as well as a co-operative atmosphere within the port community and the city, in order to benefit from the economic spin-off available from offshore oil production. By meeting these challenges, the outcome can be very positive for St. John's.

The Board wishes to thank all staff members for the contribution and restraint that was evident during a difficult year. By continuing this approach during depressed economic conditions, we should be able to achieve the objectives presented to the shareholder.

Fred M. Milley
Chairman of the Board

David J. Fox, P. Eng.
Port Manager and Chief Executive Officer

Fred M. Milley (left)
and David J. Fox

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

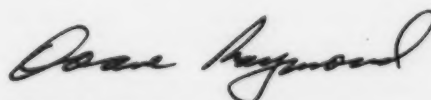
We have audited the balance sheet of the St. John's Port Corporation as at December 31, 1991 and the statements of income and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the

Corporation as at December 31, 1991, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Ports Corporation Act* and the bylaws of the Corporation.



Chartered Accountants
St. John's, Newfoundland
February 7, 1992

BALANCE SHEET

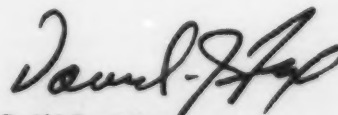
As at December 31, 1991	1991	1990
ASSETS		
Current		
Cash	\$ 31,951	\$ 29,289
Investments (Note 3)	3,250,658	2,495,892
Accounts receivable	511,738	528,987
Due from Canada	-	66,000
	3,794,347	3,120,168
Fixed (Note 4)	14,029,662	14,134,876
	\$17,824,009	\$17,255,044
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 240,674	\$ 377,493
Grants in lieu of municipal taxes	139,037	47,104
Deferred revenues	361,210	337,911
Current portion of loans from Canada	264,689	241,331
	1,005,610	1,003,839
Accrued employee benefits	153,675	121,160
Loans from Canada (Note 5)	2,406,106	2,670,795
	3,565,391	3,795,794
EQUITY OF CANADA		
Contributed capital	10,131,636	10,131,636
Surplus	4,126,982	3,327,614
	14,258,618	13,459,250
	\$17,824,009	\$17,255,044

Contingencies (Note 6)

On behalf of the Board:



Fred M. Milley
Chairman of the Board



David J. Fox, P. Eng.
Port Manager and Chief Executive Officer

**STATEMENT OF
INCOME AND
SURPLUS**

For the year ended December 31, 1991

	1991	1990
Revenue from operations	\$ 3,428,662	\$ 3,351,142
Operating and administrative expenses	1,703,617	1,619,361
Depreciation	828,692	889,114
Grants in lieu of municipal taxes	91,933	53,662
	2,624,242	2,562,137
Income from operations	804,420	789,005
Investment income	298,885	249,991
Interest expense	(280,185)	(301,480)
Net income	823,120	737,516
Surplus, beginning of year	3,327,614	2,590,098
	4,150,734	3,327,614
Dividend to Canada	23,752	-
Surplus, end of year	\$ 4,126,982	\$ 3,327,614

**STATEMENT OF
CHANGES IN
FINANCIAL
POSITION**

For the year ended December 31, 1991

	1991	1990
Cash provided from (used for)		
Operating activities		
Net income	\$ 823,120	\$ 737,516
Depreciation	828,692	889,114
Other non-cash items	32,515	29,669
	1,684,327	1,656,299
Changes in		
Accounts receivable	17,249	(158,210)
Due from Canada	66,000	9,095
Accounts payable and accrued liabilities	33,029	(36,764)
Grants in lieu of municipal taxes	91,933	729
Deferred revenues	23,299	36,673
Current portion of loans from Canada	23,358	21,295
	1,939,195	1,529,117
Financing activities		
Change in construction payables	(169,848)	163,911
Capital grants		1,324,905
Loans from Canada	(264,689)	(241,331)
	(434,537)	1,247,485
Investing activities		
Proceeds on disposals of fixed assets	1,068	8,335
Purchase of fixed assets	(724,546)	(1,572,708)
	(723,478)	(1,564,373)
Dividend to Canada	(23,752)	-
Net cash provided	757,428	1,212,229
Cash and short term investments, beginning of year	2,525,181	1,312,952
Cash and short term investments, end of year	\$ 3,282,609	\$ 2,525,181

December 31, 1991

1. In accordance with the *Canada Ports Corporation Act*, a petition for the establishment of a local port corporation at the Port of St. John's was approved and the St. John's Port Corporation was established effective June 1, 1985.
In accordance with the *Canada Ports Corporation Act*, the assets, liabilities and equity were transferred at their carrying values in the accounts of the Canada Ports Corporation — Port of St. John's to the St. John's Port Corporation.
2. **SIGNIFICANT ACCOUNTING POLICIES**

Investments: The investments, which are direct and guaranteed securities of Canada, are shown at amortized cost. Premiums or discounts are amortized over the periods to maturity.

Fixed Assets: Fixed assets are recorded at cost except for those transferred to the Corporation from Canada, which are recorded at appraised or fair market value established at the time of transfer. Grants towards capital projects received from Canada and from third parties are deducted from the cost of the related fixed assets. Depreciation is recorded on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates indicated in Note 4.

Pension Costs: All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by Canada. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Grants in Lieu of Municipal Taxes: The expense for grants in lieu of municipal taxes is based on estimated municipal assessments adjusted in accordance with the *Municipal Grants Act*. Grants are paid after the amounts have been audited by the Municipal Grants Division of Public Works Canada. Any adjustments upon finalization are reflected in the accounts in the year of settlement.

Employee Benefits: The Corporation accrues in its accounts, annually, the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which are payable to its employees in subsequent years in accordance with its policy.

3. INVESTMENTS

	1991		1990	
	Amortized Cost	Face Amount	Amortized Cost	Face Amount
Short term	\$ 3,250,658	\$ 3,328,900	\$ 2,495,892	\$ 2,532,400

4. FIXED ASSETS

	Depreciation Rates	Cost	Accumulated Depreciation	1991	1990
				Net Book Value	Net Book Value
Land	—	\$ 4,735,248	—	\$ 4,735,248	\$ 4,735,248
Berthing structures	2.5-10%	10,096,942	\$ 6,081,695	4,015,247	3,691,604
Buildings	2.5-10%	1,910,603	1,365,577	545,026	592,743
Utilities	3.3-10%	3,339,207	1,099,269	2,239,938	2,155,621
Roads and surfaces	2.5-10%	3,968,589	1,759,936	2,208,653	2,531,198
Machinery and equipment	5-100%	309,170	132,843	176,327	192,217
Office furniture and equipment	20%	254,871	180,038	74,833	68,501
Projects under construction		34,390	—	34,390	167,744
		\$24,649,020	\$10,619,358	\$14,029,662	\$14,134,876

5.		1991	1990
LOANS FROM CANADA			
	Term loans, bearing interest at 9.33% to 10.015%, maturing between 1997 and 2000, repayable in equal annual instalments of principal and interest of \$521,516.	\$ 2,670,795	\$ 2,912,126
	Principal instalments payable within one year	264,689	241,331
		\$ 2,406,106	\$ 2,670,795

The loans from Canada are unsecured.

Annual principal repayments in each of the next five years are as follows:

1992	\$ 264,689
1993	290,309
1994	318,412
1995	349,238
1996	383,050

6. CONTINGENT LIABILITIES	Claims aggregating approximately \$364,000 arising from alleged damages suffered on the Corporation's property have been received by the Corporation. The Corporation is a third party defendant, and has denied any liability, and no material loss is anticipated.
----------------------------------	--

7. RELATED PARTY TRANSACTIONS	During the year, the Corporation received advances on a capital grant from the Federal Government in the amount of \$66,000 (1990 - \$1,334,000). During the year the Corporation paid \$233,238 (1990 - \$222,512) to Canada Ports Corporation as its share of that Corporation's head office expense.
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8. COMPARATIVE FIGURES	Certain of the 1990 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1991.
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BOARD OF DIRECTORS

Fred M. Milley */**

Chairman
St. John's, Nfld.

Faith Good */**

Vice-Chairman
St. John's, Nfld.

Basil H. Jamieson ***

City Councillor,
City of St. John's
St. John's, Nfld.

Paul Reynolds ***

Specialist-Business Development
Ultramar Canada Inc.
St. John's, Nfld.

Michael Walsh */**

General Chairman
Transportation Communication International Union
(Retired)
St. John's, Nfld.

Thomas Doyle */**

Sales Associate
Royal LePage Real Estate Services Ltd.
St. John's, Nfld.

Arthur Puddister ***

Manager
Puddister Trading Company
St. John's, Nfld.

* Executive Committee

** Executive and Compensation Committee

*** Audit Committee

OFFICERS OF THE CORPORATION

Fred M. Milley
Chairman

Faith Good
Vice-Chairman

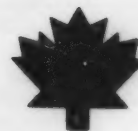
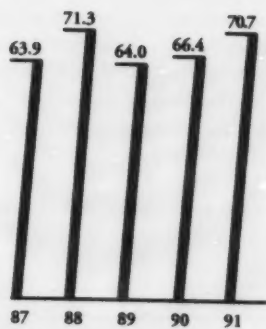
David J. Fox, P. Eng.
Port Manager and Chief Executive Officer

Brian Scott
Manager, Finance and Administration

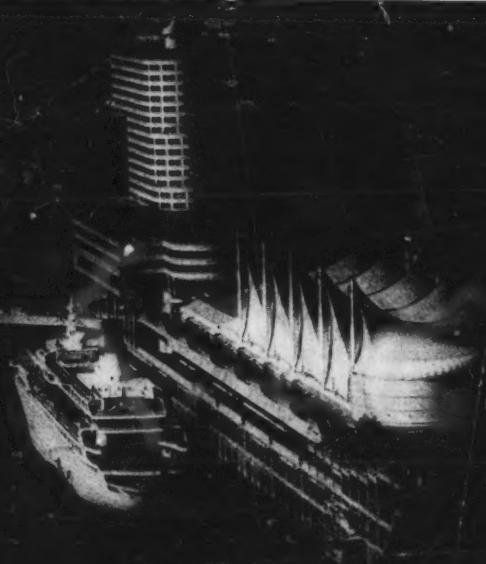
Captain Henry Flight
Harbour Master

Keith F. Rose
Corporate Secretary

Total traffic
T(million)



VANCOUVER PORT CORPORATION



JOINT MESSAGE FROM THE CHAIRMAN OF THE BOARD
AND THE PORT MANAGER AND CHIEF EXECUTIVE OFFICER



Captain Norman C. Stark (left)
and Patrick Reid

In a year during which the Port of Vancouver posted record and near-record performances, the Vancouver Port Corporation (VPC) moved on several fronts to prepare the port for new opportunities and competitive challenges. Innovative pricing structures were implemented and new environmental appraisal processes were tested. Marketing teams were dispatched abroad.

Considerable thought and money were invested in improving and planning facilities. All added up to impressive achievements for the Port of Vancouver in 1991.

A combination of intensified marketing efforts, terminal improvements and "incentive rates" led an aggressive pursuit of containerized cargo. The incentive rate program began with the implementation of "box rate" pricing and entered a second stage when volume rebates and "First Port of Call" discounts were announced. Adding to Vancouver's capability as a container port, contracts were let for the purchase of a fourth container crane at Centerm

and for the extension of the Centerm dock.

Customer confidence was reflected in a 19 percent increase over 1990 as our two container terminals posted a combined throughput of 383,563 TEUs. Containerized tonnage jumped 22 percent to a total of 3.3 million tonnes.

The 1991 all sector total of 70.7 million tonnes represented the port's second strongest performance ever. Ongoing high demand for western Canadian resource commodities pushed the port to its near-record. Bulk exports were led by coal topping 25 million tonnes and grain climbing to 13.4 million tonnes, offsetting decreases in potash and sulphur of 10 percent and seven percent respectively. Forest product shipments held steady during 1991 with a 32 percent increase in pulp shipments countering an eight percent drop in lumber.

A record was also set by the port's cruise business, as the Vancouver-Alaska cruise sailed to a ninth-straight season high of 423,928 revenue passengers.

The "Team" approach to marketing was carried through 1991 when separate delegations comprised of senior port executives and labor/employer representatives visited key customer markets in Asia and Europe. VPC added to its roster of agents by establishing marketing representation in Europe.

"Sister Ports" Vancouver and Yokohama had reason to celebrate in 1991 as the healthy and active relationship entered its 10th year. The anniversary was marked by ceremonies on both shores of the Pacific.

VPC's new Environmental Appraisal Procedures and public consultation were put to the test when the review panel process was invoked to assess and make recommendation on a private-sector potash facility expansion. On tanker traffic, VPC took delivery of its year-long "Tanker Risk Analysis" and presented recommendations to industry and the public.

The Corporation also became one of five signatories and financial supporters of the five-year, \$2 million Burrard Inlet Environmental Action Program.

Creating a climate for sustainable growth continued to be a priority for VPC as it progressed to Phase Two of its "PORT 2010" land management program. The aim is to set development priorities and create mechanisms to ensure the port's responsiveness to customer demand with an expedient and fair Development Permit Process.

Record statistics translated into a continued strong financial performance by the Corporation. Net income decreased marginally from \$30 million in 1990 to \$29 million in 1991. VPC's capital investments of \$8 million were dominated by ongoing terminal improvement projects and preliminary expenditures on new initiatives.

VPC management and staff rose to the challenges of 1991, proving they are ready to help navigate the Port of Vancouver through further change as it turns the corner for 1992. We must now focus firmly on action to increase the competitiveness of the Port of Vancouver, both in bulk and container traffic.

Patrick Reid, O.C.
Chairman of the Board

Captain Norman C. Stark
Port Manager and Chief Executive Officer

AUDITORS' REPORT

To the Honourable Jean Corbeil, P.C., M.P.
Minister of Transport

We have audited the balance sheet of Vancouver Port Corporation as at December 31, 1991 and the statements of income and retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the

Corporation as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations and the charter and by-laws of the corporation.

Paul Maxwell & Home

Chartered Accountants
Vancouver, British Columbia
February 5, 1992

BALANCE SHEET

As at December 31, 1991

ASSETS

Current assets

Cash

Investments (note 2)

Accounts receivable

Materials and supplies

Long-term receivables (note 3)

Property and equipment (note 4)

LIABILITIES AND EQUITY OF CANADA

Current liabilities

Accounts payable and accrued liabilities

Special payment to Canada (note 7)

Grants in lieu of municipal taxes

Deferred revenues

Accrued employee benefits

Loan from Canada (note 5)

Equity of Canada

Contributed capital

Retained earnings

Contingencies (note 6)

Commitments (note 8)

See accompanying notes to financial statements.

On behalf of the Board:

Patrick Reid

Patrick Reid, O.C.
Chairman of the Board

Colin B. Warner

Colin B. Warner, C.A.
Director

**STATEMENT
OF INCOME AND
RETAINED
EARNINGS**

For the year ended December 31, 1991

1991 1990

in thousands of dollars

Operating revenue	\$ 61,089	\$ 57,904
Expenses		
Operating and administrative expenses	27,656	24,231
Grants in lieu of municipal taxes	6,278	5,926
Depreciation	8,439	7,864
	42,373	38,021
Income from operations	18,716	19,883
Investment income	8,247	10,644
Interest expense	(263)	(297)
	7,984	10,347
Income before unusual item	26,700	30,230
Adjustment of grants in lieu of municipal taxes	2,322	-
Net income	29,022	30,230
Retained earnings, beginning of year	185,900	199,557
	214,922	229,787
Special payment to Canada (note 7)	-	(35,730)
Dividend payment to Canada	(8,719)	(8,157)
Retained earnings, end of year	\$206,203	\$185,900

See accompanying notes to financial statements.

**STATEMENT OF
CHANGES
IN FINANCIAL
POSITION**

For the year ended December 31, 1991

1991 1990

in thousands of dollars

Cash provided by (used for):

Operations

Net income

\$ 29,022 \$ 30,330

Items not involving cash:

Depreciation

8,439 7,864

Other

101 328

Changes in non-cash operating working capital

(11,535) 15,826

26,027 54,248

Financing

Loan from Canada currently payable

(266) (248)

Dividend payment to Canada

(8,719) (8,157)

Special payment to Canada (note 7)

- (35,730)

(8,985) (44,135)

Investments

Additions to property and equipment

(7,988) (11,021)

Other

(1,915) 492

(9,903) (10,529)

Increase (decrease) in cash and investments

7,139 (416)

Cash and investments, beginning of year

89,652 90,068

Cash and investments, end of year

\$ 96,79 \$ 89,652

See accompanying notes to financial statements.

December 31, 1991

The Vancouver Port Corporation was established effective July 1, 1983 as a local port corporation pursuant to the *Canada Ports Corporation Act* and is a parent Crown corporation named in Schedule III, Part II of the *Financial Administration Act*. The Corporation is exempt from income taxes.

The Corporation's mission is "to facilitate the efficient movement of maritime exports and imports through the Port of Vancouver in the best interests of Canadians, and, in so doing, provide a gateway to world trade — in particular the Pacific Rim — which customers are eager to use and which has wide public support."

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with generally accepted accounting principles considered to be appropriate in the circumstances and consistently applied. A summary of the significant accounting policies of the Corporation is as follows:

- (a) **Property and Equipment:** Property and equipment are recorded at cost. Depreciation is calculated on the straight-line basis, commencing with the year the asset becomes operational, at rates based on the estimated useful lives of the assets as follows:

Asset	Rate
Dredging	15 to 40 years
Berthing structures, buildings, roads and surfaces	10 to 40 years
Utilities	10 to 33 years
Machinery and equipment	1 to 20 years
Office furniture and equipment	3 to 5 years

- (b) **Pension Costs:** All permanent employees of the Corporation are covered by the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both employees and the Corporation. Although the Plan is a defined benefit plan, the contributions represent the total pension liability of the Corporation and are recognized in the accounts on a current basis.

- (c) **Grants in Lieu of Municipal Taxes:** Grants in lieu of municipal taxes are estimated based on municipal assessments adjusted in accordance with the *Municipal Grants Act*. After the amounts have been audited by the Municipal Grants Division of Public Works Canada, any adjustments upon finalization are reflected in the accounts in the period of settlement.

- (d) **Employee Benefits:** The Corporation accrues estimated liabilities for severance pay and annual leave. These benefits are provided under collective agreements and corporate policy.

2. INVESTMENTS

Current investments are in Government of Canada treasury bills and at December 31, 1991 and 1990 the market value of the treasury bills approximated carrying value.

3. LONG-TERM RECEIVABLES

	1991	1990
	<i>in thousands of dollars</i>	
Non-interest-bearing agreement with B.C. Rail, due as and when rail trackage is constructed on Roberts Bank causeway or April 1, 1994, whichever is earlier	\$3,947	\$3,947
Long-term agreement for sale of No. 1 Elevator, bearing interest at 6-3/4% per annum, receivable in blended annual instalments of \$462,916, maturing December 31, 1996	1,917	2,232
Less current portion	(336)	(315)
	1,581	1,917
Long-term agreement for sale of No. 3 Elevator, bearing interest at 5-3/4% per annum, receivable in annual instalments of \$117,720 plus interest, maturing August 1, 1994	353	471
Less current portion	(117)	(118)
	236	353
Receivable for grants in lieu of municipal taxes	1,575	—
Advances for fire protection services	675	—
Other	259	47
	\$6,273	\$6,264

Current portion is reflected in accounts receivable.

4.
PROPERTY
AND EQUIPMENT

			1991	1990
	in thousands of dollars			
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 77,534	\$ -	\$ 77,534	\$ 77,224
Dredging	366	225	141	153
Berthing structures	61,820	28,426	33,394	34,346
Buildings	49,316	13,151	36,165	37,267
Utilities	15,955	7,540	8,415	8,427
Roads and surfaces	34,681	22,085	12,596	13,382
Machinery and equipment	42,765	16,715	26,050	27,196
Office furniture and equipment	3,745	2,603	1,142	1,146
Projects under construction	6,168	-	6,168	3,073
	\$ 292,350	\$ 90,745	\$ 201,605	\$ 202,214

5.
LOAN
FROM CANADA

	1991	1990
	<i>in thousands of dollars</i>	
Interest-bearing loan at 7.5%, repayable in blended annual instalments, maturing December 31, 2000	\$ 3,256	\$ 3,504
Less current portion (included with accounts payable)	(266)	(248)
	\$ 2,990	\$ 3,256

Principal repayment requirements over the next five years are as follows:

1992	\$ 266,000
1993	286,000
1994	308,000
1995	331,000
1996	355,000
	\$1,546,000

6.
CONTINGENCIES

- At December 31, 1991, the Corporation had claims from municipalities for grants in lieu of taxes of approximately \$10.2 million greater than the amount accrued in the financial statements.
- Over a period of years, the Corporation has recorded revenues on certain leases which continue to be unresolved.
- There are estimated claims against the Corporation for approximately \$9 million plus unspecified damages. In the opinion of the Corporation, the likelihood of these claims succeeding is not determinable. The effect, if any, of the ultimate resolution of this matter will be accounted for as a prior period adjustment when known.

**7.
RELATED PARTY
TRANSACTIONS**

In addition to the loan from Canada disclosed in Note 4, the Corporation paid \$2,055,000 (1990 - \$1,961,000) to Canada Ports Corporation as its share of that Corporation's operating expenses.

The Corporation received notice from Canada Ports Corporation requiring it to make payments totalling \$35.73 million as part of the Federal Government's deficit reduction program announced in the February 20, 1990 budget. Half of this amount was paid in 1990, and the remainder was paid in early 1991.

**8.
COMMITMENTS**

Contractual obligations for the completion, construction and purchase of property and equipment as at December 31, 1991 are estimated at \$17.2 million.

**BOARD OF
DIRECTORS**

Patrick Reid, O.C. *
Chairman
Vancouver, B.C.

Jane E. Frost **//*****
Vice-Chairman
Vancouver, B.C.

Laurie G. Maranda *//******
Vice President
Choukalos, Woodburn, McKenzie
Maranda Ltd.
Vancouver, B.C.

Richard I. Nelson **/****
Vancouver, B.C.

Gary C.H. Short **/****
Vancouver, B.C.

Rodney A. Snow **/****
Barristers & Solicitors
Davis & Co.
Vancouver, B.C.

Colin B. Warner */****
Senior Vice President
Weldwood of Canada Limited
Vancouver, B.C.

* Executive Committee
** Planning & Development Committee
*** Public Affairs Committee
**** Audit & Budget Committee

**OFFICERS OF
THE CORPORATION**

Patrick Reid, O.C.
Chairman
Jane E. Frost
Vice-Chairman
Norman C. Stark
Port Manager and Chief Executive Officer
Thomas A. Shortridge
Deputy Port Manager

Donald G. Buggie
Assistant Port Manager,
Management Services
David J. Clarke
Assistant Port Manager,
Business Development
Warren D. McCrimmon
Director, Legal Services and Corporate Secretary

**BOARD OF
DIRECTORS**

The Honourable A.R. Huntington*
Chairman
Vancouver, B.C.

William Marsh
Vice-Chairman
Sydney, N.S.

Jean Michel Tessier
President and Chief Executive
Officer
Canada Ports Corporation
Ottawa, Ont.

Dr. John Balkwill
Kanata, Ont.

Robert Dowling
President, Cavell Drugs Ltd.
Jasper, Alta.

André Gingras
Chairman
Montréal Port Corporation
Montréal, Que.

Benedict J. Kuzmick
Candiac, Sask.

Richard K. Lester
Vancouver, B.C.

A.R. "Sandy" MacLean
Mayor
Dalhousie, N.B.

C. Peter MacLean
Antigonish, N.S.

Arnold E. Masters
Montréal, Que.

Donald A. Parker
Chairman
Halifax Port Corporation
Halifax, N.S.

James B. Powers
President and General Manager
Labrador Construction Co. Ltd.
St. John's, Nfld.

Patrick Reid, O.C.
Chairman
Vancouver Port Corporation
Vancouver, B.C.

Jean Riou
Attorney
Jolin, Fournier, Morisset
Sainte-Foy, Que.

Wallace S. Turnbull, Q.C.
Partner
Clark, Drummie & Company
Saint John, N.B.

Robert H. Vandewater
Vice President and Sr. Account
Executive
Wood Gundy Inc.
Winnipeg, Man.

**EXECUTIVE
COMMITTEE**

Chairman
The Honourable A.R. Huntington*

Members
André Gingras
William Marsh
Arnold E. Masters
Donald A. Parker

Jean Michel Tessier
Wallace S. Turnbull, Q.C.
Robert H. Vandewater

**AUDIT
COMMITTEE**

Chairman
Robert H. Vandewater

Members
Robert Dowling
A.R. "Sandy" MacLean

C. Peter MacLean
James B. Powers

**CORPORATE
PLANNING
AND BUDGETING
COMMITTEE**

Chairman
James B. Powers

Members
Robert Dowling
Richard K. Lester
Arnold E. Masters

Jean Riou
Wallace S. Turnbull, Q.C.

**POLICE
COMMITTEE**

Chairman
Dr. John Balkwill

Members
D. Cassidy (Member at large)
Robert Dowling
The Honourable K.A. Flanagan
(Member at large)
The Honourable A.R. Huntington*

The Honourable R. Marin
(Member at large)
Donald A. Parker
Jean Michel Tessier

**POLICY AND
LEGISLATION
IMPLEMENTATION
COMMITTEE**

Chairman
Wallace S. Turnbull, Q.C.

Members
Dr. John Balkwill
André Gingras
The Honourable A.R. Huntington*
William Marsh

Arnold E. Masters
Donald A. Parker
Jean Michel Tessier

**OFFICERS OF
THE CORPORATION**

The Honourable A.R. Huntington*
Chairman of the Board

William Marsh
Vice-Chairman

Jean Michel Tessier
President and
Chief Executive Officer

Hassan J. Ansary, Ph.D.
Executive Vice President

Robert W. Tytanek
Vice President,
Finance and Administration

Vacant
Vice President, Legal/Realty

Christos Sampson
Director General, Police

Théophile Lauzon
Senior Port Manager

Nicole Sauvé
Acting Corporate Secretary

*retired November 28, 1991



Mailing Addresses

Canada Ports Corporation

Port of Belledune
c/o National Office
99 Metcalfe Street
Ottawa, Ont.
K1A 0N6
Tel.: (613) 957-6787

Port of Churchill
P.O. Box 217
Churchill, Man.
R0B 0E0
Tel.: (204) 675-8823

Port Colborne
c/o National Office
99 Metcalfe Street
Ottawa, Ont.
K1A 0N6
Tel.: (613) 957-6787

Port of Prescott
c/o National Office
99 Metcalfe Street
Ottawa, Ont.
K1A 0N6
Tel.: (613) 957-6787

Port Saguenay/Baie des Ha! Ha!
Lafontaine Street
P.O. Box 760
Chicoutimi, Que.
G7H 5E1
Tel.: (418) 543-0263

Port of Sept-Îles
421 Arnaud Street
Sept-Îles, Que.
G4R 3B3
Tel.: (418) 968-1231

Port of Trois-Rivières
1545 du Fleuve Street
P.O. Box 999
Trois-Rivières, Que.
G9A 5K2
Tel.: (819) 378-3939

National Office
99 Metcalfe Street
Ottawa, Ont.
K1A 0N6
Tel.: (613) 957-6787

Local Port Corporations

Halifax Port Corporation
Ocean Terminals
P.O. Box 336
Halifax, N.S.
B3J 2P6
Tel.: (902) 426-3643

Montréal Port Corporation
Port of Montréal Building
Cité de Havre, Wing No. 1
Montréal, Que.
H3C 3R5
Tel.: (514) 283-7042

Prince Rupert Port Corporation
110-3rd Avenue W.
Prince Rupert, B.C.
V8J 1K8
Tel.: (604) 627-7545

Port of Québec Corporation
150 Dalhousie Street
P.O. Box 2268
Québec, Que.
G1K 7P7
Tel.: (418) 648-3558

Saint John Port Corporation
133 Prince William Street
P.O. Box 6429, Stn. A
Saint John, N.B.
E2L 4R8
Tel.: (506) 636-4869

St. John's Port Corporation
3 Water Street
P.O. Box 6178
St. John's, Nfld.
A1C 5X8
Tel.: (709) 772-4582

Vancouver Port Corporation
1900-200 Granville Street
Vancouver, B.C.
V6C 2P9
Tel.: (604) 666-8966

